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NEWS HIGHLIGHTS

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

OCTOBER 11, 2022

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COMPANY NEWS

Amazon.com, Inc. (“Amazon”) - Amazon announced that it is hiring 150,000 employees throughout the U.S. ahead of the holiday season. The company will be hiring full-time, part-time, and seasonal employees across a diverse range of roles that include stowing, picking, packing, sorting, shipping orders, and more, with sign-on bonuses ranging from US\$1 thousand to US\$3 thousands in select locations. “We’re proud to offer a wide variety of roles for people of all backgrounds, with more than 150,000 roles available across the country. Whether someone is looking for some extra money for a few months or a long-term career, the holidays are a great time for people to join Amazon, and many of our seasonal employees return year-after-year or transition into full-time roles,” said John Felton, Amazon’s Senior Vice President of Worldwide Operations.

Amazon announced recently that it will spend €1 billion over the next five years to electrify its delivery fleet in Europe. The funds will specifically be used to “double” the number of EVs in Europe to 10 thousands vans and 1.5 thousands “electric heavy goods vehicles,” with the company having noted it intends to be net-zero carbon emissions by 2040. “Our transportation network is one of the most challenging areas of our business to decarbonize, and to achieve net-zero carbon will require a substantial and sustained investment,” Andy Jassy, Amazon CEO, said in a statement. Jassy also added that the investment will hopefully ignite the installation of more public EV chargers in Europe and also incentivize the auto industry to manufacture more electric delivery vehicles; Amazon says it currently operates 3 thousands electric

delivery vehicles in Europe, which have been used to deliver 100 million packages since 2021.

SoftBank Group Corp. (“SoftBank”) - SoftBank is considering a sale of its stake in Spanish-language TV broadcaster TelevisaUnivision (“Univision”), according to people familiar with the matter, as the Japanese conglomerate unloads assets amid a prolonged tech slump. No final decision has been made and Softbank could opt to hold onto the stake, said the people, who asked to not be identified because the matter isn’t public. It’s not clear how much the stake is worth. SoftBank took an in interest in Univision last year when it helped finance Univision’s purchase of rival Grupo Televisa S.A.B.’s content and media assets, creating the new entity. The SoftBank Latin American Fund led a US\$1 billion preferred equity investment to support the deal.

On October 7, SoftBank Group announced the status of its share repurchase program during September 2022. According to the company press release, during the month of September, Softbank Group repurchased 16 million of its shares for approximately JPY 88.1billion. Since the current share repurchase authorization was announced on November 8, 2021, SoftBank has repurchased approximately 165 million shares for a cost of JPY 867.7 billion. The total amount under this authorization is for the greater of 250 million shares or JPY 1.0 trillion.

Reliance Industries Limited (“Reliance”) – Sanmina Corporation (“Sanmina”) and Reliance Strategic Business Ventures Limited, a wholly announced they have completed the joint venture transaction on October 4, 2022. The day-to-day business will continue to be managed by Sanmina’s management team in Chennai, which will be seamless from an employee and customer perspective. The joint venture will prioritize high technology infrastructure hardware, for growth markets, and across industries such as communications networking (5G, cloud infrastructure, hyperscale datacenters), medical and healthcare systems, industrial and cleantech, and defense and aerospace. In addition to supporting Sanmina’s current customer base, the joint venture will create a state-of-the-art ‘Manufacturing Technology Center of Excellence’ that will

serve as an incubation center to support the product development and hardware start-up ecosystem in India, as well as promote research and innovation of leading-edge technologies. All the manufacturing will take place at Sanmina's 100-acre campus in Chennai, with the ability for site expansion to support future growth opportunities as well as to potentially expand to new manufacturing sites in India over time based on business needs.

Mahindra & Mahindra Limited ("M&M") is strengthening its existing partnership with Jio-bp setting up a charging network for Mahindra's upcoming e-SUVs launches. Last year, the companies had signed an MoU for exploring the creation of EV products and services, alongside identifying synergies in low-carbon and conventional fuels. Starting with 16 cities, Jio-bp will install Direct Current fast chargers at M&M dealership network and workshops across the country. With these chargers being open to the public, the partnership will benefit all stakeholders in the electric vehicle ("EV") value chain. M&M launched its first all-electric C segment sport utility vehicle ("SUV") at Mahindra Research Valley, Chennai earlier this month. The company also made rapid strides towards electrification by unveiling its Born Electric Vision with a range of world-class electric SUVs to be launched in the country in the next few years. The group is supplementing the launch of electric vehicles with access to extensive fast-charging infrastructure. To this end, M&M has partnered with Jio-bp to provide EV users with a wide, accessible and convenient fast-charging network. The Reliance and BP p.l.c. joint venture is aggressively expanding its Jio-bp pulse branded EV charging network by setting up charging facilities at multiple touch points within cities and major highways to ensure smooth intra-city and inter-city commutes for EV owners. Through a state-of-the-art digital platform, this partnership envisages rolling out e-mobility solutions across discovery, availability, navigation, and transactions to empower all EV users to seamlessly access the M&M partner charging network.

Samsung Electronics Co., Ltd ("Samsung")- Shares of semiconductor companies fell Monday, after fresh U.S. curbs on China's access to American technology stoking concern that the industry's downturn is far from over. The U.S. measures include restrictions on the export of some types of chips used in artificial intelligence and supercomputing, and also tighter rules on the sale of semiconductor equipment to any Chinese company. Separately, the U.S. also added more Chinese firms to a list of companies that it regards as "unverified," which means U.S. suppliers will face new hurdles in selling technologies to those entities. The new strategy suggests that Washington aims to "freeze in" China at its current level, enabling the U.S. to increase its lead. Mao Ning, Chinese Foreign Ministry spokesperson, said Saturday that the measures, which are set to enter into force this month, are unfair and will also hurt the interests of U.S. companies. The new U.S. rules come at a time when the chip industry is already grappling with an ominous start to the earnings season and has gone from a worldwide shortage of chips to a glut in a matter of months due to the boom-and-bust nature of semiconductor demand. Samsung, the world's largest memory-chip maker, and PC-processor maker Advanced Micro Devices, Inc. reported results last week that suggested a deeper-than-feared slowdown ahead.

Ares Management Corporation ("Ares")- Ares, a leading global alternative investment manager, announced that it held the final closing of its Ares U.S. Real Estate Fund X, L.P. on September 30, 2022. U.S. X was oversubscribed with US\$1.8 billion of commitments relative to its \$1.5 billion target and is more than 75% larger than its predecessor fund, which closed at \$1.04 billion in November 2018. "With the closing of the tenth fund in this series, we are proud of the continued strong support we received from our longstanding investors

along with the significant demand from our new investors," said David Roth, Partner and Co-Head of Ares U.S. Real Estate. "We believe this support validates the trust we have built with our investors and the track record we have generated by managing this strategy over multiple vintages and market cycles. We are confident in our ability to continue driving compelling risk-adjusted returns for our investors through the combination of our team's deep market and sector coverage and a disciplined, cycle-tested approach to investing in attractive sectors, such as multifamily and industrial." "We are well positioned to capitalize on new opportunities created by the current economic environment and to leverage our experience and longstanding relationships to access potential investments," said Jay Glaubach, Partner and Co-Head of U.S. Real Estate Investments. As part of an integrated global real estate team, the U.S. value-add strategy applies a cycle-tested approach to investing in high-quality real estate assets with in-place cash flows and defined opportunities to enhance property values. Through U.S. X, the Ares Real Estate team continues to acquire and improve institutional quality assets in historically attractive sectors, such as multifamily and industrial, with select investments in other major and adjacent property types to generate both income and appreciation for investors.

Berkshire Hathaway Inc. ("Berkshire")- Greg Abel, who is next in line to succeed Warren Buffett as Berkshire's chief executive, spent more than US\$68 million on the conglomerate's shares last week, after selling his stake in the company's Berkshire Hathaway Energy unit for \$870 million. In four regulatory filings, Abel, 60, said that on September 29 he purchased 168 Class A shares of Berkshire, each costing more than \$405,000, on behalf of a family trust. Abel had previously owned 5 Class A shares and 2,363 Class B shares, according to regulatory filings. Some analysts and shareholders had suggested that Abel should have a greater stake, reflecting his roles as a Berkshire vice chairman and Buffett's likely successor as chief executive. A Class B share is worth about 1/1,500th of a Class A share. The purchases were made three months after Abel sold his 1% stake in Berkshire's energy unit, for which the Omaha, Nebraska-based parent took a \$362 million charge to capital. Abel joined Berkshire Hathaway Energy, then known as MidAmerican Energy, in 1992, eight years before Berkshire took it over. He became MidAmerican's chief in 2008, and Berkshire's vice chairman overseeing its dozens of non-insurance businesses in 2018. Abel was awarded \$19 million in compensation for each of the last three years, with Buffett setting his pay. Ajit Jain, a vice chairman who oversees Berkshire's insurance businesses, was awarded the same amounts.



DIVIDEND PAYERS



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McCormick & Company, Incorporated ("McCormick") reported adjusted earnings per share for the third quarter in fiscal 2022 ("EPS") of US\$0.69, +\$0.04 better than its recent preannouncement (\$0.65). Organic sales were roughly in line with expectations, while gross

margin compression and relative selling, general and administrative expenses (“SG&A”) were a bit favorable, leading to modest upside. At the corporate level, year over year sales rose +3% year over year, while organic sales were up +7% year over year. In the Consumer segment, organic sales rose +5% year over year while earnings before interest and taxes (“EBIT”) fell -2% year over year. Meanwhile, in the Flavor Solutions segment, organic sales rose +10% year over year, while EBIT declined -35% year over year. Gross margin contracted -320basis points year over year while relative SG&A was down -55basis points year over year. All-in, EBIT decreased -12.4%. McCormick reaffirmed its recently updated full year guidance. Specifically, the company looks to deliver full year the fiscal year 2022 sales to range from flat to +2% year over year (+3-5% year over year in constant currency), an EBIT decline of -13% to -11% year over year, and EPS in a \$2.63-\$2.68 range (current Consensus \$2.67). Additionally, the company still projects +high teens year over year cost inflation and gross margin compression of -350 basis points to -300 basis points year over year.

LIFE SCIENCES



Amgen Inc. (“Amgen”) – announced the opening of a new research and development site in San Francisco’s Oyster Point, continuing the company’s nearly two-decade presence in the region. The new site will constitute the company’s second largest research and development facility, which focuses on discovering therapeutics for patients living with cancer, inflammatory disease and cardiometabolic disorders. The centerpiece of the new site is a 245,000-square-foot, nine-story building that will provide a workplace for 650 staff representing 24 different functions. The site features open work spaces and modular labs designed to encourage greater collaboration and teamwork, and meets high standards for environmental sustainability, having been submitted for Leadership in Energy and Environmental Design and FitWel-certification. “For nearly two decades Amgen has been present in the San Francisco Bay Area, a region known for cutting-edge science and biotechnology innovation,” said Robert A. Bradway, chairman and CEO of Amgen. “This new state-of-the-art facility further demonstrates our commitment to discovering and developing treatments for some of the world’s most serious and widespread diseases.”

Bridge Biotherapeutics, Inc. (“BridgeBio”) – BridgeBio, a commercial-stage biopharmaceutical company focused on genetic diseases and cancers, announced that the first patient with non-small cell lung cancer (“NSCLC”) has been dosed in its Phase 1/2 clinical trial of BBP-398, an investigational SHP2 inhibitor, with Amgen Inc.’s (“Amgen”) LUMAKRAS® (sotorasib), the first and only currently approved targeted treatment for patients with KRAS G12C-mutated locally advanced or metastatic NSCLC, in advanced solid tumors with the KRAS G12C mutation. Approximately 30,000 people are diagnosed with KRAS G12C-

mutated NSCLC in the U.S. each year and the KRAS G12C mutation is one of the most frequent oncogenic mutations in the U.S. and Europe. By combining SHP2 inhibition with KRAS G12C inhibition in patients with the KRAS G12C mutation, there is potential to prevent oncogenesis and overactive cellular proliferation. “The survival rate following a diagnosis of NSCLC with a KRAS mutation is extremely poor. We are hopeful that by launching this clinical trial with Amgen, we may be able to fill the current gap in unmet medical need for these cancer patients,” said Frank McCormick, Ph.D., chairman of oncology at BridgeBio. “We are grateful the U.S. Food and Drug Administration (“FDA”) has granted our program Fast Track designation and are hopeful it will allow us to address the needs of these patients more quickly following diagnosis.” The Phase 1/2 study will include a dose escalation period followed by dose expansion and optimization, and is designed to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and preliminary efficacy of BBP-398 in combination with LUMAKRAS. The dose escalation period will enroll patients with all solid tumors with a KRAS G12C mutation and participants will be eligible regardless of previous exposure to a KRAS G12C inhibitor. The dose expansion period will enroll patients with NSCLC with a KRAS G12C mutation who have not previously been exposed to a KRAS G12C inhibitor. Initial data is expected by the end of 2024. Additionally, FDA granted Fast Track designation for the investigation of BBP-398 in combination with LUMAKRAS for adult patients with previously treated, KRAS G12C-mutated, metastatic NSCLC. The FDA’s Fast Track designation is designed to drive the development and expedite the review process for medicines under investigation for serious conditions with unmet medical needs. “To date, preclinical data for SHP2 inhibition has shown promise in unlocking possible combination strategies to treat patients suffering from a range of cancers, including NSCLC. By combining SHP2 inhibition with KRAS G12C inhibition, there is potential for this therapeutic arsenal to be impactful for patients since it could prevent overactive cellular proliferation and oncogenesis. I am extremely pleased to see that work from our group and others has now reached the clinic, where we will be able to study the benefit it could have for cancer patients with KRAS G12C mutations,” said Benjamin G. Neel, M.D., Ph.D., Co-founder of Navire Pharma Inc. (“Navire”), a BridgeBio company, and Director of the Long Island Perlmutter Cancer Center at New York University (“NYU”) Langone and Professor of Medicine at NYU Grossman School of Medicine. “People with metastatic NSCLC with a KRAS mutation often do not respond well to standard chemotherapy and immunotherapy options. They might have a worse prognosis than patients without a KRAS mutation and it is essential to deliver better therapeutic options to people with this difficult-to-treat cancer. I am hopeful that by partnering with BridgeBio on this study we may be able to provide substantial relief for patients with a serious unmet need,” said Rohit Joshi, M.D., Director for Cancer Research SA and Associate Professor at the University of Adelaide. In May 2022, BridgeBio entered into an exclusive license agreement with Bristol Myers Squibb to develop and commercialize BBP-398 in oncology worldwide, except for in mainland China and other Asian markets. These territories are part of BridgeBio’s separate strategic collaboration with LianBio announced in 2020. The 2022 agreement with Bristol-Myers Squibb Company expands upon the earlier agreement between the companies signed in 2021 to investigate the combination of BBP-398 with OPDIVO® (nivolumab) in patients with advanced solid tumors with KRAS mutations. BridgeBio has a non-exclusive clinical collaboration with Amgen to evaluate the combination of BBP-398 with LUMAKRAS in patients with advanced solid tumors with the KRAS G12C mutation. BBP-398, as a monotherapy or in combination with other targeted

therapies, could potentially be a promising therapy for patients with the KRAS G12C mutation. Initial Phase 1 data from the ongoing BBP-398 trial is expected in 2023.

Clarity Pharmaceuticals (“Clarity”) – announced it has successfully imaged its first participant in the U.S.-based diagnostic copper-64 (“64Cu”) SAR-Bombesin trial for patients with prostate-specific membrane antigen (“PSMA”) -negative prostate cancer. Copper-64 SAR-BisPSMA in Biochemical Recurrence of prostate cancer (“SABRE”) is a Phase II Positron Emission Tomography (“PET”) imaging trial of participants with PSMA-negative biochemical recurrence (“BCR”) of prostate cancer following definitive therapy. It is a multi-centre, single arm, non-randomised, open-label trial of 64Cu-labelled SAR-Bombesin in 50 participants. The primary objectives of the trial are to investigate the safety and tolerability of the product as well as its ability to correctly detect recurrence of prostate cancer. Based on the promising preclinical and clinical data to date, SAR-Bombesin shows great potential for improving the diagnosis and treatment for not only patients with prostate cancer that are PSMA negative, but also across broader prostate cancer indications. SAR-Bombesin is a highly targeted pan-cancer radiopharmaceutical with broad cancer application. It targets the gastrin-releasing peptide receptor (“GRPr”) present on cells of a range of cancers, including but not limited to prostate, breast and ovarian cancers. GRPr is found in approximately 75-100% of prostate cancers, including prostate cancers that don’t express PSMA (PSMA-negative). The product utilises Clarity’s proprietary sarcophagine (“SAR”) technology that securely holds copper isotopes inside a cage-like structure, called a chelator. Unlike other commercially available chelators, the SAR technology prevents copper leakage into the body. SAR-Bombesin is a Targeted Copper Theranostic that can be used with isotopes of 64Cu (for imaging and copper-67 for therapy).

RadNet, Inc. (“RadNet”) – RadNet, a U.S. national leader in providing high-quality, cost-effective, fixed-site outpatient diagnostic imaging services, reported its joint venture, New Jersey Imaging Network (“NJIN”), has acquired the outpatient radiology assets of Montclair Radiology, the owner of six imaging centers in northern New Jersey. For more than 75 years, Montclair Radiology has been a leading provider of diagnostic imaging in northern New Jersey, servicing an area encompassing a patient population of 16 million. Montclair Radiology owns and operates six multimodality centers in Montclair, West Caldwell, Nutley, Verona, Jersey City and Hoboken, providing magnetic resonance imaging, computerized tomography, positron emission tomography/computerized tomography, x-ray, ultrasound, mammography and other related procedures. Montclair Radiology performs over 200,000 procedures per year and is projected to add over US\$40 million of revenue on an annual basis to NJIN. Dr. Howard Berger, Chairman and Chief Executive Officer of RadNet, noted, “We are pleased to announce this transaction. Since its formation in 2015, NJIN has grown into a leading provider of outpatient imaging in northern and central New Jersey, providing high-quality, lower cost and convenient services as an alternative to more expensive hospital-based imaging. Montclair Radiology’s long-standing brand has been a fixture in the markets it serves, and its high-quality reputation for delivering outstanding patient services is symbiotic with that of our existing NJIN operations.”

Schrödinger, Inc. (“Schrödinger”) – Eli Lilly has partnered with Schrödinger putting up US\$425 million in milestones to access small-molecule candidates against an undisclosed target. Lilly has tasked Schrödinger with turning its drug discovery technology on a target of interest. Under the terms of the deal, Schrödinger will discover

and optimize small-molecule compounds against the target before handing off to Lilly for the completion of preclinical development and all subsequent work. Schrödinger will pocket an upfront fee of undisclosed size and put itself in line to receive up to \$425 million in payments tied to discovery, development and commercial milestones. The upfront fee is likely to be small, judging by the fact that Schrödinger has historically “not received significant initial cash consideration” in return for drug discovery collaborations, according to its financial filings.



ECONOMIC CONDITIONS

Kristalina Georgieva, International Monetary Fund (“IMF”) Managing Director, says that the U.S. labour market remains strong but is losing momentum. The IMF said last week it would downgrade its global growth forecasts to 2.9% when it releases its World Economic Outlook. Malpass, the President of World Bank said “there is a risk and real danger of a world recession next year”.

U.S. Nonfarm payrolls rose 263,000 in September, 2022, a little better than expected. While this was down from the prior month’s pace (315,000) and the 2022 average (420,000), it’s well above long-run norms. A similarly strong 204,000 increase in employment in the household survey, coupled with a dip in the participation rate, pulled the unemployment rate down two tenths, back to the half-century low of 3.5% reached in July and matched just before the pandemic. Payrolls gains were spread wide and far across industries, with even the recently struggling manufacturing sector pumping out a decent 22,000 new jobs. Restaurants and bars served up 60,000 new positions, while the health care industry received a similar-sized booster shot to its payrolls.



FINANCIAL CONDITIONS

The Reserve Bank of Australia (“RBA”) increased rates by 25 basis points, not 50 basis points as the market had expected. The RBA is the first major central bank to pivot to smaller rate hikes. The ability and appetite to hike in 50 basis points clips becomes harder to justify in light of last week’s statement. We expect 25 basis points hikes at the November, December, February and March meetings. The Bank expects inflation to head higher and for the unemployment rate to move lower in the months ahead, yet it delivered a less aggressive hike. In our view the RBA made a judgement call that the pace of hikes needed to slow given how quickly the cash rate has been raised.

Leading British banks are re-entering the mortgage market with interest rates of around 6%, after halting new fixed-rate home loans last week following turbulence in the UK government bond market. Barclays PLC, Skipton Building Society, NatWest Group plc, Virgin Money UK PLC and Nationwide Building Society are among the lenders to increase rates on new mortgage deals in the wake of Kwasi Kwarteng, the chancellor’s “mini” budget just over a week ago, which sent gilt yields soaring. The average five-year fixed-rate mortgage on a home rose to 6.02%, the highest since February 2010, according to Moneyfacts Group Plc (“Moneyfacts”). That’s as the average two-year fixed-rate deal rose to 6.11%, that’s up from 4.74% on the day of Kwarteng’s announcement on September 23, according to data provider.

The U.S. 2 year over 10 year treasury spread is now -0.38% and the UK's 2 year over 10 year treasury spread is 0.15%. 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 6.66%. 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 volatility index ("VIX") is 33.75 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And finally : "Successful investing is anticipating the anticipations of others." ~John Maynard Keynes

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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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