Market Commentary

PORTLAND INVESTMENT COUNSEL™

July 30, 2012

News Highlights on Current Holdings

Financial Services Companies

AMP is planning a major cost cutting campaign that will strip nearly $25 million a year out of its funds management business as it battles ongoing turbulent market conditions and poor investment flows. The strategy to reduce AMP Capital's cost base has been under development for the past two months and is due to be signed off by management within a week. (Source: The Australian) .

Barclays - reported 2Q12 statutory Profit Before Tax of £1,234m. Adjusting for -£325m fair value, -£450m for SME swap mis-selling and +£227m gain on BlackRock, 'adjusted' PBT was £1,782m. Adjusted Profit before tax for first half of £4,227m which contains the Libor fine of £295mn and so is about 10% ahead of £3,824m consensus. Key area of outperformance looks to be a strong cost performance with Q2 costs c8% down on Q1. Barclays Capital delivered £2.3bn for the half against £2.0bn expectation. Fixed Income Currency Commodities trading income was £2.0bn for the quarter, down 18% QoQn. This compares with peers down 42% QoQ. Overall, BarCap income was down 12% QoQ, vs peer group average of ~35%. Bad debts of £1.8 bn were slightly worse than expected following a 2Q £248mn charge in the investment bank, relating to ABS positions. Ex this bad debts were slightly better than expected. Tangible NAV per share was £3.79, vs £3.81 at end 1Q12. The group core tier 1 ratio stood at 10.9%, 7.9% fully-loaded Basel 3 core T1 and 8.6% 2012 year end assuming consensus earnings and flat Group Risk Weighted Assets which were £390bn, vs £394bn in March. Loan to deposit ratio stands at 111% (1H11: 118%), while the liquidity portfolio now totals £170bn. Group's Return on equity has improved to 9.9% and 11.5% Return on NAV for H1. On outlook, July is running ahead of last year. Management remain cautious on the overall environment and intention is to hire a new Chairman first.

Deutsche Bank pre-released some 2Q numbers. They are due to report full numbers this Tuesday. Pre-released numbers: Revenues broadly in line with expectations @ €8bn, but Costs much higher at €6.6bn compared to consensus of about €5.8bn. Management say USD and GBP strength versus euro weakness dragged costs higher. Profit before tax therefore lower than expected at about €1bn versus expectations of €1.5bn. Core Tier 1 capital on Basel 2.5 stated as 10.2% with no update on Basel 3 other than they reaffirm the 7.2% guidance for start of 2013. Overall disappointing that revenues didn't get a booster from the FX and that it was only costs.

HSBC has agreed to pay $27.5mm fine to Mexico for noncompliance with money-laundering systems and controls involving 1768 transactions. CNBV regulator indicating HSBC problems went back to 2002. This relatively small fine appears to be better than expected for HSBC-Mexico in isolation. However, of greater concern is the ongoing US investigation which is using HSBC as a test case (ie. many banks are going to be charged over this). With a Mexican settlement announced, this signals a US settlement is likely soon. Press reports are up to $1bn fine (4% 2012e Pre tax profit) which is immaterial in isolation but the unknowns include regulatory (loss of US banking license, freezing of US expansion, forced divesture of Mexican ops, etc) and senior management risks (chief compliance officer has already resigned).

HSBC Bank Canada's quarterly results, show HSBC's retail or consumer banking business continuing to suffer the effects of squeezed net interest margins and higher funding costs and that the bank's loan impairment charges and other credit risk provisions are double their year-ago level, having materially risen again in this latest period. HSBC said that most of the increase this quarter was due to one specific customer in the energy sector. On the good news side, HSBC's trading income rose 31% from a year ago and 18% from the prior quarter, thanks to higher market volatility and mark-to-market gains on some derivatives.

HSBC reported its 1st half 2012 earnings today; adjusted Earnings Per Share came in at 52.5c, 18% ahead of consensus expectations. The beat against consensus was primarily driven by 9% lower than expected operating expenses and 4% lower than expected impairments, which were 30% below H2 11. However the bank

disappointed on top-line where Net interest income came in 4% lower than consensus. Overall income excluding fair value of own debt came in at $35.3bn, slightly down by 2% from H1 2011. Commercial Banking continued to grow in line with management focus - H1 2012 income of $8bn, up 5% from H1 2011 and 1% from H2 2011. Global Banking & Markets income came in at $10.4bn, 7% above the $9.7bn seen in H1 2011 and 40% above the $7.4bn seen in H2 2011. Retail Banking & Wealth Management income reduced by 11% from H1 2011 and 2% from H2 2011, although this was affected by the US cards disposal in May. Hong Kong Retail loan growth has picked up again – sequential growth (annualised) came in at 7.9% in H1 2011 as opposed to 4.8% in H2 11, helped by a strong Q2. HSBc has also grown in Asia Pacific where gross loan growth came in at 7.1% (annualised) in H1 12, following a reduction of 2% in H2 11. The UK loan book has also grown 4.5% on a sequential basis (annualised) in H1 12, and based on market growth trends seen in the quarter, the company has probably continued to gain market share. Impairments for H1 2012 came in at $4,799m versus $6,861m in H2 2011 – North American impairments (which accounted for more than 60% of global Commercial Banking and Personal Banking impairments in 2011) came in at $2,161m, down ~46% from H2 2011 whereas Rest of Asia Pacific impairments have increased from $167m in H2 2011 to $298m in H1 2012. South American impairments increased by ~7% sequentially. Cost / Income for the group (excluding fair value of own debt, PPI, US provision for law enforcement and regulatory actions and restructuring costs) came in at 52.7% as compared to 55.9% in H1 2011 and 62.3% in H2 2011. On a quarterly basis, the ratio increased from 50.9% in Q1 12 to 54.8%. This shows positive traction from management. Management estimate the fully loaded Basel III core Tier 1 ratio (including transitional arrangements between 2014 and 2018) at 10.3% on a pro-forma Q2 2012 basis, 0.20 % ahead of the 10.1% guidance on the Investor Day in May on the Q1 2012 basis. The bank has taken a $700m provision against potential fines in the US against money laundering but admits that it's an early estimate. Market will continue to look at this negatively till we get to an actual number. Same is the case with LIBOR. The bank declared a dividend of 18c, unchanged from H1 2011

Intesa Sanpaolo - local press reports that Intesa Sanpaolo successfully completed its buyback programme of senior and subordinated securities launched on 18th July for a total nominal value of €1.5bn. Subordinated debt on sale was worth €3.29bn, senior debt on sale was worth €3.1bn.

JPMorgan : announced organizational restructuring, the company is realigning management along consumer and commercial lines. Consumer businesses will be Consumer & Community Banking and Card & Auto, with mortgage banking eventually folded in and operating under the Chase banner. Corporate and Investment Bank will include the Investment Bank , Treasury and Security Services and the Global Corporate Bank business. In addition, Asset Management and Commercial Banking will continue to be run as separate operations.

Lloyds Bank - Combined Profit before tax £1,165m against £1,278m consensus expectations. However, driven by fair value unwind (£157m against £419m expectation). Stripping that out and volatility get £1,064m against consenus £1,029m - c3% ahead. Statutory loss was £439mn (Cons PBT £473mn). PPI provision of an additional £700mn in 2Q, following an additional £375mn in 1Q12 is the main swing factor. Net Interest Margin 1.93% in line with expectations. Core costs reduced by 4% with management confident on simplification cost saves. On the face of it revenue looks weak offset by better impairments, so quality not great but about as expected. Lloyds Core Tier 1 was 11.3% versus 11.0% at 1Q12. NAV per share was 57.4p (4Q11 58.6p). Non Core assets were £118bn versus £128bn at 1Q12. Loan to deposit ratio is 126% versus 130% at 1Q12. Core loan to deposit is 103%. Wholesale funding decreased by £37bn in 1H12 – all encouraging.

St James's Place : Half Year 12 results, Operating profit (IFRS) £58.9m (consensus £58.4m) , Cash result £44.9m (consensus £38.3m) , EEV per share 407p (in line), interim dividend 4.25p, APE £353.9m (Consensus £321.9m), , Funds under management £30.9bn, (consensus £30.7bn), Net Book Value £120.6m, number

of partners 1702. A key driver of St James's Place's long-term growth remains the size of the Partnership and the progress to qualification and partnership recruitment, whilst always important, is more significant at times when Partner productivity can be impacted. The new business result is a strong one in the circumstances. In view that the stock is trading at a c20% discount to the EEV of the stock, this means that impacts from the market are already being discounted without taking any value for future new business.

Santander - Pre-provision profit came in 3% ahead of expectations driven by both better revenues and costs. However fully offset by higher provisions which drove net profit to just €100m in the quarter - Santander booked provisions to meet 70% of the new Spanish provisioning laws. Going through the divisionals the positive surprise at bottom line appears to have been driven by Europe – possibly flattered by ECB liquidity. UK continues to disappoint (missing estimates again, -9% versus consensus). Latin America also looks weak across the board (particularly Brazil, net profit -22% QoQ,). Core capital - flat QoQ at 10.1% and Tangible Book Value per share falls 7% QoQ.

Financial Infrastructure

CME Group reported GAAP EPS of $0.74. Reported EPS included several unique items relating to the consummation of the S&P Dow Jones JV, the accelerated vesting of departing CEO compensation, severance and some tax items. Adjusting for all of this, core EPS of $0.89 was six cents above estimate. The earnings beat was largely driven by a lower core effective tax rate and CME posted an impressive 62% operating margin despite a difficult volume backdrop amidst muted client risk appetite and generally low volatility levels. The firm recognized revenue of $796 million in Q2'12,up 3% q/q but down 5% y/y, largely driven by changes in clearing and transaction fees. Meanwhile, core expenses totaled $306 million, down 5% q/q but up 1% y/y, slightly better than our expectations due to lower professional services and licensing fees. Management guided operating expenses lower and tax lower for the rest of 2012, from ~41.0% to 40.5%, and full-year 2013, from 39.5% to 38-39%. Management believe CME stands to benefit greatly from coming regulation that will incentivize market participants to clear swaps through a Central Counterparty Clearing House. Management said that if the rules are published within the coming weeks, it expects swap dealers and large buy-side firms to begin participating in early 2013.

Deutsche Börse reported Q2 adjusted EPS a touch short of €1.05 consensus. Net revenue and costs were both in line with expectations. Full year adjusted operating cost guidance is unchanged at €930mn (+4% YoY).

Global Payments reported fiscal 4Q12 cash EPS of $0.97 (versus consensus estimate of $0.96) and GAAP EPS of $0.06 (including a $0.68 adverse impact from an $84mn pre-tax charge related to the completion of the company's data intrusion investigation). Overall, results exceeded relatively low consensus expectations into the quarter (driven by a stronger-than-expected U.S. business up 25% Y/Y) ; the agreement to acquire the remaining interest in the Asia-Pacific JV with HSBC; and the announcement of a new $150mn share repurchase program.

Visa reported 3Q12 adjusted EPS of $1.56 (GAAP EPS of -$2.74 including a one-time litigation provision of $4.1 billion, as expected), beating consensus estimate of $1.45 attributed to better-than-expected top-line strength, with lower expenses accounting for $0.01, and a lower adjusted effective tax rate accounting for the remaining ~$0.08. Net revenue was up 10.5% y/y, with the beat driven by stronger-than-expected Data Processing fees (likely related to Visa's strategic pricing initiative, including the new Fixed Acquirer Network Fee). Card Service fees, International Transaction Fees, and incentives (19.3% of gross revenues) were relatively in-line with estimates. Adjusted operating margin for the quarter was 58.1% Due to Visa's currency hedging program, there was no significant impact to the company's results from foreign exchange during F3Q12. Visa repurchased approximately 4.0 million shares, at an average price of $115.51 per share and additionally, the announcement of a new $1 billion share repurchase authorization (in addition to the ~$500mn that V had

remaining in its authorization at the end of F2Q12) is an incremental positive, and suggests a greater amount of return of capital to shareholders going forward given Visa's strong free cash flow generation and the fact that Visa no longer needs to keep a certain level of cash aside related to the interchange litigation. Management raised fiscal 2012 EPS guidance, which now calls for annual EPS growth in the low-twenties (vs. prior guidance for high teens to low twenties growth). Additionally, the company affirmed other parameters, including: Annual net revenue growth in the low double digits; Annual operating margin of about 60% and Annual FCF greater than $4 billion.

Dividend Paying Companies

ABB – reported second quarter results, which revealed an improved business environment in the key Chinese market and allowed the company to provide an upbeat outlook for the rest of the year. Group orders in the second quarter advanced to $10.052Bn, ahead of consensus expectations calling for a $9.909Bn order value. The operating profit for the quarter, at $656mm, fell short of the expectations, at $728mm, as group's profitability was affected by the strengthening of the US dollar and about $100mm in charges related to its purchase of the US low voltage product manufacturer Thomas&Betts. Demand has been surging in Chinese factories for automation technology, while orders in Europe grew by 2%, 10% in the Americas and 34% in the Middle East and Africa.

GEA Group – reported second quarter results in Dusseldorf earlier today, showcasing improved profitability as the consolidated profit climbed 41.2% to €72.8mm and the operating margin advanced 60 basis points year on year to 8.6%. Sales and new orders were broadly in line with the expectations and marginally lower than last year's comparative period. The margin improvement was driven by the Farm Technologies and Process Engineering divisions, while the turn-around at the Food Solutions division is on track. The company has maintained its previous guidance of an order intake and sales growth of 5% year on year as an increasing share of its business is shifting towards the food industry, where structural growth is supported by increasing demand for food and beverage equipment in China. GEA is also guiding for an underlying earnings before interest and tax (EBIT) margin of at least the level of 2011 fiscal year.

Novartis – Afinitor, which is expected to become a major seller for the Swiss drug manufacturer, was approved by the European regulators to treat women with a certain type of breast cancer. The drug had just been approved by the US Food and Drug Administration for a similar indication. Afinitor is already approved to treat patients with four other types of cancer, including kidney and a rare type of pancreatic cancer.

Siemens – The group's orders for the third quarter of its fiscal year fell short of the expectations, at €17.8Bn versus €19.55Bn, impacted by increased uncertainty in Europe and a reduction in the number of major orders in China, which is responsible for about 8% of group sales. Revenues for the quarter, at €19.5Bn, were ahead of the expected level of €18.92Bn. Despite the uncertainty and tough conditions in the world economy, the company confirmed its net income target for the full fiscal year, set at €5.2Bn to €5.4Bn. Peter Loescher, the company's CEO, emphasised Siemens' focus on increasing productivity and efficiency, targeting further cost reductions in anticipation of slow growth in a volatile environment going into 2013. The group core operating profit jumped 59% in the quarter, to €1.82Bn, on a favourable previous comparative period, which had been impacted by a number of major one-off items. Siemens cancelled its plans to float its lighting unit Osram.

Syngenta – Despite strong currency headwinds, net profit for the first half of the year improved by 5% to $1.5Bn, ahead of the consensus expectations calling for a $1.4Bn level, as sales rose 7% to $8.265Bn, chiefly driven by a steep rise in North American sales. The company was optimistic for the remainder of the year as high commodity prices will likely drive strong plantings in Latin America. The worst drought in more than 50 years in the Midwest grain belt led to corn and soybean prices hitting record highs last week.

Syngenta confirmed it expects operating margin and sales to rise in 2012.

Vivendi – Maroc Telecom, a majority owned Vivendi subsidiary, reported first half net profit of 3.13Bn dirhams ($345.6Bn) 22% lower compared to the previous comparative period, mostly impacted by provision costs for a voluntary redundancy plan and lower sales in its main domestic market. Revenue for the consolidated operations of the Moroccan telecom were broadly in line with last year's, supported by a 21% improvement in its sub-Saharan businesses. The firm maintained its goal for increased earnings before interest, tax and amortization (EBITA) margin, to about 38% by the end of the year from the current level of 34%.

Wesfarmers – reported fourth quarter sales numbers for its retail divisions last week which showed robust results and steady execution in a challenging economic environment, punctuated by falling home and share market values. The company's grocery retailing business, Coles, which together with its arch-rival Woolworths control about 80% of the market, reported a 3.0% rise in sales in the fourth quarter compared to a year earlier. By comparison, Woolworths reported a 1.3% increase in sales over the same period. Sales improvement was driven by higher sales volumes and government handouts as the industry had to fight a 4% food and liquor price deflation. Other retail divisions performed as well, including the home improvement chain, Bunnings, with like for like sales up 2.9%, the department store business, Target, with same store sales higher by 4.5% and the discount store chain, Kmart, with sales up 2.1%.

Economic Activity, Consumer and Business Conditions

US – The second quarter US economic output (GDP) report confirmed the US economy's tendency to slow down, as the 1.5% advance reading, albeit in line with the expectations, fell short of the first quarter's revised 2.0% pace. The all important consumer sector continued to contribute to economic growth, although at 1.05% contribution to the GDP growth, fell short of the first quarter's performance. Other contributors to growth were, in order, non-residential fixed investment, inventories and residential fixed investment, while net exports and government expenditures detracted from growth.

US business activity was marred by a sub-par durable goods (excluding transportation) report for June, indicating a 1.1% reduction relative to an expected flat reading. The headline number was boosted to a 1.6% improvement by the volatile transportation orders.

Following a number of encouraging reports, the housing sector announcements were disappointing last week, as the new home sales for June, at 350,000 units annualized fell short of the expected 370,000 units level, a retreat from May's 382,000 units annualized reading. The pending home sales report for June revealed a 1.4% drop, offsetting some of the 5.4% strong advance in the prior month.

The consumer sentiment, as measured by the University of Michigan, worsened in July, from a 73.2 index level to 72.3, albeit marginally ahead of the expected 72.0 index points level. While the 'current conditions' component of the index advanced in the month, the consumer 'expectations' have been toned down.

Canada – Retail sales improved in May by 0.3% in Canada, short of the expected 0.5% advance, as auto sales surprisingly retreated 0.3% in the month. The core reading, which excludes sales of motor vehicles, was better than expected, up by 0.5%, though, in effect merely offsetting April's 0.4% retreat. The clothing, food and sporting goods sales drove the growth in the month.

Sovereign Credit Ratings : Moody's has lowered outlook to negative from stable for Germany, Netherlands, and Luxembourg (now AAA, negative vs. S&P AAA, stable), citing the increased likelihood for collective support (Spain and Italy) and higher probability of a Greece eurozone exit. Moody's reaffirming Finland at AAA, stable (same as S&P) due to no net debt and domestically-oriented banking system. With today's announcement, Finland is sole remaining AAA rated eurozone country on stable outlook. France and Austria (both AAA rated) are already on negative outlook and Moody's will finish reassessing French/Austrian ratings by September 30, 2012.

UK: Mortgage approvals in Britain fell to their lowest in 3-1/2 years last month, the British Bankers' Association said on Tuesday, adding urgency to hopes that a new official funding scheme will revive the moribund housing market. Loans for house purchase have fallen 21% from a year ago to 26,269 - the lowest since January 2009 when the credit crunch was in full swing, the BBA figures showed. (source : Reuters)

Separately, The UK chancellor, George Osborne, has insisted that the world still has confidence in the British economy after a credit rating agency confirmed Britain's AAA rating. Standard and Poor is the only major rating agency not to have put Britain on negative outlook, instead saying its outlook for the UK's rating was stable and predicting the economy would improve in the coming months.

Spain has started discussing receipt of a full-blown bailout of €300bn in addition to the already approved rescue for the banking sector of up to €100bn, Bloomberg reported EU officials saying on Friday. Sueddeutsche Zeitung says that preparations have already been made for the ECB to act in the name of the ESFS as soon as Spain submits a request.

Separately, IMF praised Spain for measures it is taking to confront crisis but warned their success would depend on lower stress within debt markets & lowers GDP forecast on the back of these measures. Sees Spain GDP at -1.7% in 2012, -1.2% in 2013 & 0.9% in 2014 (Source: Bloomberg)

Financial Conditions

The European Bank sector rallied last week on the following comments from ECB President Mario Draghi :- "Within our mandate, the ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough." and "To the extent that the size of the sovereign premia (borrowing costs) hamper the functioning of the monetary policy transmission channels, they come within our mandate." Clearly direct, unlimited, unsterilized buying of peripheral sovereign debt by the ECB would be a game changer - as well as driving a coach and horses through all recent treaties, bailout conditions, austerity programmes, etc. which is why a more cautious approach is likely to continue.

Ban on short-selling : Unsurprisingly, Spain has followed Italy's lead and re-introduced short selling ban (Italy one week restriction on financials) and taken this a step further by implementing a three-month short selling ban on the entire Spanish equity market, derivatives, and OTC) over the counter) instruments, as local regulators are likely seeing this as a way of stabilizing markets (whereas the reality of poor fundamentals and lower liquidity could actually lead to an over-reaction to the downside).

Sandy Weill (ex CEO of Citi) advocates breaking up the large banks—speaking on CNBC Weill said last Wednesday morning that he thought the large banks should be broken up along investment banking and commercial banking lines. Essentially this would be return to Glass-Steagall days. The reason this is such news is that in his wheeler-dealer days on Wall Street, Sandy Weill put together Citibank and Travellers and worked arduously to get Glass-Steagall repealed. So this represents a clear 180 degree change in direction and because of his reputation his ideas will get a serious hearing, particularly among members of Congress.

Tim Geithner spoke before the House Financial Services Committee-- To follow up on the recent report of the Financial Stability Oversight Council (FSOC) which he chairs. Repeating what was in the report which was released last week he said that the two biggest threats to financial stability in the US were 1) the ongoing European Crisis and 2) the end of year fiscal cliff in the US. Regarding system changes he said the FSOC supported the SEC efforts to reform the money market mutual funds which he thinks are vulnerable to disruptions that can quickly spread through the markets.

US – UK: US Federal Reserve policymakers remain determined to flatten the yield curve as much as possible, having indicated they expect 'exceptionally low levels' of interest rates "at least through late 2014". which is still an "exceptionally low level" in the grand scheme of things. Fed Reserve Chairman Ben Bernanke has indicated 1% or less would be considered exceptionally low. The extension of the US 'twist' (whereby the Federal Reserve is selling 3 year and less maturities to buy 6 years and longer) means all parts of the yield curve will benefit from a near-zero anchor until mid to late 2014. The U.S. 2 year/10 year treasury spread is now 1.30% and the

U.K.'s 2 year/10 year treasury spread is 1.43% - meaning investment banks can no longer profit from a steep yield curve and instead are seeking operational efficiencies, including job cuts and lower compensation, to maintain acceptable levels of profit, i.e. above their costs of capital. It seems the top tier 8-10 investment banks will continue to command their market and possibly increase their share – as barriers to entry for newcomers have in our view been raised.

Influenced by the US 'twist', the U.S. 30 year mortgage market remains very low at 3.49% - (the lowest rate since the Federal Reserve began tracking rates in 1971), as the Federal Reserve effectively continues to give priority to incentivising home ownership. Existing U.S. housing inventory is at 6.6 months supply of existing houses. So the combined effects of record low mortgage rates, near record high affordability, a more promising economic recovery, job creation, and low prices are finally supporting the housing market with housing inventory well off its peak of 9.4 months and we believe now in a more normal range of 4-7 months. While we still believe it remains premature to consider a recovery in house prices prospects of a measure of stability are likely to increases as a result of the Fed actions – which is welcomed…. particularly for those financial services companies holding such assets in their portfolios.

A concern which remains is the extent to which mortgage foreclosures have been properly documented, thereby enabling mortgages to be "put back" to the originating bank and whether bank's have mis-represented the quality of those assets sold to Freddie Mac and Fannie Mae. Such legal debates are likely to drag on for years but from recent bank investor relations presentations it does seem the rate of "put backs" are now beginning to decline and that litigation reserves have been increased suggesting overall current levels of total provisions should suffice, enabling banks to continue to post increasing earnings per share (as credit improves) over the next 2 years by when we expect more normalized earnings power to have returned. For the larger franchises the quantum of proactive provisioning continues to act as a differentiator of quality which we believe has still to be fully appreciated.

As concerns have swung from commercial real estate and unsecured consumer loans/credit card loans to European sovereign debts the number of small U.S. banks failing continues to grow, albeit at a more moderate pace with 39 in 2012 (compared to 95 in 2011 and 157 in 2010 which was the highest annual tally since 1992). Franchises are being acquired/absorbed as convergence of the financial services industry accelerates – favouring we believe the stronger, better managed banks. Typically banks acquiring collapsed bank franchises from the Federal Deposit Insurance Corporation (FDIC) are paying little or no premium for deposits, assets are purchased at a discount and are covered by loss sharing agreements – so that such deals can be expected to be immediately accretive to earnings per share.

The VIX (volatility index) is 16.70 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 augurs well for quality equities.

Closed-End Funds

Spreads on the closed-end funds are narrowing but remain, in our view, very attractively priced to purchase.

The Portland Investment Counsel Inc. 2009 Closed End Annual Reports are now available on the web site. Below you can find the link to access the closed end annual report.

http://www.portlandic.com/Info.aspx?disp=Financial_Reports

At the close of business on Fridays and at the end of each month we publish the Net Asset Values (NAV) of our funds onto our Portland website at http://www.portlandic.com/Funds/WeeklyPricing.aspx. The NAV for the AIC Global Financial Split Corp. can be found on the AIC/Manulife website at http://www.aic.com/EN/PricePerformance/AICClosedEndFunds/Pages/Price.aspx and the Copernican World Financial Infrastructure Trust, Copernican World Banks Split Inc. and the Copernican International Financial Split Corp. can be found on the Copernican website at http://www.copernicancapital.com/Funds/WeeklyPricing.aspx.

Chris Wain-Lowe
Executive Vice President
Portland Investment Counsel Inc.
Phone: 905-331-4250 Ext. 4232
Fax: 905-331-4368
www.portlandic.com

Source: Thomson Reuters, Bloomberg, Company reports

Certain statements included in this document constitute forward-looking statements, including those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend" and similar expressions to the extent they relate to the Fund. The forward-looking statements are not historical facts, but reflect the Portfolio Management team's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The Portfolio Management team has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise. PORTLAND INVESTMENT COUNSEL and the Clock Tower Design are registered trademarks of Portland Holdings Inc.

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

PIC12-0077(08/12)