DECEMBER 14, 2020

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Oracle Corporation – On December 11, Oracle Corp. announced that it has changed its corporate headquarters to Austin, Texas, being the latest high-profile defection from Silicon Valley. The company and its founder and chairman, Larry Ellison, are pillars of the Bay Area. Oracle, which was founded in Santa Clara, California, in 1977, most recently had its headquarters in Redwood City. The software giant said the relocation was part of an effort to have a more flexible approach to its workforce. Oracle joins others in leaving the region that for decades has been synonymous with America's tech industry. Hewlett Packard Enterprise Company earlier this month said it was moving its headquarters to the Houston area. Palantir Technologies Inc., founded in the Bay Area in 2003, moved its headquarters to Denver this year. Palantir co-founder Joe Lonsdale, a venture capitalist, moved to Austin this year. Texas doesn't collect state income or capital-gains tax for individuals. California's tax regime has its share of critics. Its personal-income tax tops out at 13.3% for amounts over $1 million a year, the highest in the nation. Capital gains are taxed at a similar rate. This week Tesla Inc. Chief Executive Elon Musk said he had moved himself to Texas. The electric-car maker is building a new plant in Austin and Mr. Musk's rocket company, Space Exploration Technologies Corp., or SpaceX, has operations in South Texas. Mr. Ellison sits on Tesla's board. Oracle already has a presence in Austin. In 2015, the company announced plans to build a new corporate campus in the city. It also bought Austin-based software company StackEngine, Inc. in 2015. The Austin campus opened in 2018 and features apartments and restaurants on site. The decision by Oracle to facilitate greater flexibility for employees is another signal that the trend toward more remote working brought on by the pandemic could outlast the health crisis. The push for flexibility has meant the addition of corporate jobs and remote workers in Texas, with its lower costs. Its capital Austin, in particular, has been able to attract businesses because of the relatively high level of skilled workers in a town that is home to the University of Texas. The area also has actively courted outside companies, offering local tax incentives to companies such as Tesla.

SoftBank Group Corp. - Hyundai Motor Group is taking the first major step toward transforming into a smart mobility solution provider, acquiring the world's leading robotics firm, Boston Dynamics, Inc.

The Korean conglomerate announced late Friday its agreement with SoftBank to acquire a controlling interest in the mobile robot firm, valued at $1.1 billion. Under the agreement, three Hyundai Motor companies and group Chairman Chung Euisun will together hold 80%of the firm's shares, while SoftBank retains the remaining 20% through one of its affiliates.

The three Hyundai companies are Hyundai Motor Company, Hyundai Mobis Co., Ltd. and Hyundai Glovis Co., Ltd., which are set to acquire 30%, 20% and 10% of the shares, respectively. Chairman Chung Euisun's stake is 20%, the automaker said. The transaction, subject to regulatory approval and other customary closing conditions, is expected to close by June 2021. The equity purchase is the first major deal by Hyundai Motor Group after Chung took the helm from his father, Chung Mong-koo, and reflects his earlier vows to transform the automobile manufacturer into a mobility solutions provider. According to Hyundai, Boston Dynamics is an established leader in developing agile, mobile robots that have been successfully integrated into various business operations, such as power utilities, construction, and manufacturing. The company launched sales of its first commercial robot Spot in June. Hyundai, as a global automotive company, will contribute as a strategic partner to Boston Dynamics, sharing its in-house manufacturing capability and global network in the market, the company said. In pursuit of future mobility technologies, Hyundai said it has invested substantially in the fields of autonomous driving, connectivity, eco-friendly vehicles, artificial intelligence and robots. Among them, the robotics market has potential for significant growth in the future, the automaker said. The global robotics market, which was worth $24.5 billion in 2017, is expected to record $44.4 billion this year, posting an annual growth rate of 22%, according to Hyundai. The market will continue to grow under the influence of the COVID-19 pandemic, to be worth $177.2 billion by 2025 with an average annual growth rate of 32%, Hyundai added. Over time, the company said it plans to expand its presence into the humanoid robotics market, with the aim of developing humanoid robots for sophisticated services such as caregiving for patients at hospitals. In addition, the automaker said it also envisions robotics technology lending synergies to new mobility solutions, including autonomous driving and urban air mobility, as well as smart factory platforms.

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

SoftBank Group Corp. - SoftBank Group shares surged as its paper profit from the initial public offering of DoorDash, Inc. hit $11.2 billion, adding to gains from the prospect the Japanese company could attempt to go private. The Tokyo-based company's stock rose 11% on December 10 to 8,306 yen a share, the biggest jump since March. DoorDash shares closed up 86% on the first day of trading, giving the food-delivery company a market capitalization of $60 billion. SoftBank's stock had already surged to a 20-year high on December 9, after Bloomberg News reported founder Masayoshi Son is considering a 'slow-burn' buyout to take the company private. The shares are up 75% this year so far, pushing its market valuation to more than $165 billion. About $5.3 billion worth of SoftBank shares traded hands December 10, equivalent to one-fifth of the total trading value of $26 billion on the first section of the Tokyo Stock Exchange on December 10. The DoorDash gain could raise profit in SoftBank's Vision Fund unit to its highest ever, after record losses in the last fiscal year. The global rally in technology shares has lifted the value of stakes in public firms like Uber Technologies, Inc. and improved the prospects for startups in its portfolio. Vision Fund's profit in the coming quarters is likely to receive a boost from more portfolio companies planning IPOs, a list that includes South Korean e-commerce giant Coupang Corp., online insurance platform Policybazaar Insurance Web Aggregator Private Limited and used car retailer Auto1 Group GmbH. Bottom of Form SoftBank owns 20% of DoorDash post-IPO, a stake it acquired over a period of two years for $680 million. The Vision Fund first invested in DoorDash in the spring of 2018, acquiring almost 51 million shares at a price of $5.51. It did so again twice the following year, as the price climbed to $22.48 and $37.94. The final round this June saw SoftBank pay $45.91 for just a little over 1 million shares. DoorDash had 50% of U.S. market share as of October, surging past UberEats, GrubHub and Postmates, according to its filing documents. That number is up from just 17% in January 2018. DoorDash said there is also an opportunity for that market to expand, with fewer than 6% of U.S. residents currently using its service. Revenue in the first nine months of the year more than tripled and its net loss narrowed from a year earlier on a surge in new customers, the company said.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

AT&T Inc. – Sony Corporation has agreed to buy AT&Ts anime streaming service, Crunchyroll, for $1.2 billion in its latest drive to expand its portfolio of video games, films and animation. The sale allows AT&T to reduce its debt following last year's $85 billion acquisition of Time Warner and focus its efforts on creating a streaming service to rival Netflix. The deal with Sony's Funimation Global Group coincides with an auction to sell AT&T's satellite division DirecTV as part of a review of its assets.

Costco Wholesale Corporation reported solid fiscal Q1 results that saw EPS come in at $2.62 vs. consensus of $2.05 but $0.33 of the beat was driven by tax benefits. Core on core margins increased 55 basis points this quarter versus 70 basis points last quarter and Costco saw incremental operating margins of 6.0% vs. 9.9% last quarter. Gross margins came in at 11.5% vs. consensus of 10.8%. Membership fee income also saw a sequential acceleration increasing +7.1% in the quarter vs. +5.3% in fiscal Q4. Holiday sales are strong, but Costco may have been somewhat conservative with purchasing and they are already out of some items. Freight costs are elevated and there has been some challenges at ports that could last into February/March. Costco mentioned there was some pull forward in-demand into November as consumers aim to purchase earlier given concerns about product availability. Regarding travel spending, Costco mentioned that although travel bookings saw some limited strength in the summer months improvements have stalled as virus cases have risen in recent weeks. Grocery eCommerce sales were up +300% in the quarter. Overall, ecommerce represents 7% of the company's sales versus 6% for all of 2020 (note that eCommerce accelerated in the 2nd Half of 2020).

National Grid PLC – Offfice of Gas and Electricity Markets (Ofgem), the U.K. Government regulator for gas & electricity, published its Final Determination. This sets allowed revenues, costs and investment in the U.K. Transmission division out to 2026. National Grid has until the beginning of March to accept this Determination. Ofgem allowed RORE (return on regulated equity) to be 0.35% higher than the earlier Draft determination with a real RORE OF 4.3% including a 25 basis points asymmetry wedge versus, meaning 4.55% at 'Step 1'. Consensus (Ofgem compiled) RORE (return on retained equity) was 4.43% real, so the out-turn is close. Draft Determination was a 3.95% real allowed cost of equity. This means the baseline RORE is 4.55%... the 25 basis points asymmetry wedge is now only a penalty above 25 basis points of outperformance. This means companies achieve 4.55% RORE as base. The increase in allowed return was mainly driven by an increase in beta, from 0.72 to 0.76. The 1.74% real allowed cost of debt was increased to 1.82%, increasing Weighted Average Cost of Capital to 2.81% from 2.63% real. Electricity Transmission still has a reduced 55% leverage. Overall Total expenses for National Grid was about £7.3 billion, versus £5 billion at Draft determination, and ahead of £7 billion estimates. National

Grid asked for £10 billion, but approximately £1.2 billion was deferred into uncertainty mechanisms. Ofgem published two theoretical total expenditure scenarios. These could add £6 billion to National Grid's total expenditure, equivalent to 25% to Regulated Asset Base over the next 5 years. There should be policy and regulatory clarity on the scale and structure of this uncertainty total expenditure in the coming 12 months.

LIFE SCIENCES

ITM Isotopen Technologien München AG, a biotechnology and radiopharmaceutical group of companies, and RadioMedix Inc., a clinical stage biotechnology company, announced that the U.S. Food and Drug Administration (FDA) has issued the Drug Master File (DMF no. 34938) for ITM's next generation Germanium-68/Gallium-68 (68Ge/68Ga) Generator, distributed under the brand name GeGant®.The DMF will allow parties interested in developing new drugs for the U.S. market to refer to the DMF and use GeGant® in clinical tests for radiopharmaceuticals and in other settings. The GeGant® Generators will be manufactured at the RadioMedix Spica Center in Houston, Texas, U.S., a GMP radiopharmaceutical manufacturing facility that is dedicated to late-stage investigational and commercial stage radiopharmaceutical manufacturing and distribution. At this center, thousands of 68Ge/68Ga Generators can be produced, annually. This high production capacity enables ITM and RadioMedix to meet the rapidly increasing demand for Gallium-68 in the United States and across the world. The medical, short-lived radioisotope Gallium-68 is used for Positron Emission Tomography (PET) imaging when labeled to a tumor-specific targeting molecule for diagnosis and staging of various cancers, like neuroendocrine tumors or prostate cancer. PET-imaging is a state-of-the-art approach for precise localization of tumors or metastases pre-therapy as well as the evaluation of treatment response post-therapy. It is a highly sensitive method, providing quick procedures with short imaging time. GeGant® allows onsite production of high-quality Gallium-68 for radiolabeling with disease specific tracers. As well as showing a low breakthrough of Germanium-68, GeGant® is available in different sizes, and with 4 GigaBecquerel (100 milliCurrie), being among the largest 68Ge/68Ga Generators on the market. "This announcement by the U.S. FDA takes us another step closer toward full adaptation of the GeGant® Generators in the U.S market. The consumption of Gallium-68, as an on-demand positron emitter, will only increase in the field of Nuclear Medicine. There is exponential growth of several exciting molecules labeled with Gallium-68 and RadioMedix's manufacturing bandwidth is prepared to respond to this unmet need", said Ebrahim Delpassand, M.D., CEO of RadioMedix. Steffen Schuster, CEO of ITM said: "The Drug Master File in the U.S. will enable us to take full advantage of our long-term partner RadioMedix's production capacity which is needed to address the rapidly growing demand for Gallium-68 in the United States as one of the largest markets for Targeted Radionuclide Therapies and Diagnostics. Together with Radiomedix, we are looking forward to scaling up the production of GeGant® to provide high quality products for patients in need in North America as well as the global market."

ENERGY SECTOR

Canadian Natural Resources Ltd. – said it expects to raise production in 2021 and forecast capital spending to be about CA$3.21 billion (US$2.51 billion), higher than 2020 forecast of CA$2.7 billion as the company bets on a faster rebound in demand and prices from pandemic lows. Canadian oil companies are restoring production they had to shut-in to counter a steep price drop this year as the COVID-19 pandemic hammered fuel demand. Some are raising spending and production forecasts for next year, but remain cautious due to uncertainty over how long the pandemic will last. The company plans to increase spending on natural gas production due to improving natural gas strip pricing and expects to raise output by about 11% in 2021. The oil and gas producer also said it expects production of 1.19 million barrels of oil equivalent per day (boepd) to 1.26 million boepd next year, higher than the 1.16 million boepd it estimates for 2020.

Enbridge Inc. – forecast higher core earnings in 2021 and raised its annual dividend, saying it expects to see volume on its Liquids Mainline System improve next year. Enbridge said it also expects rates for gas transportation to rise and a growing customer base for gas distribution and storage. The company forecast 2021 EBITDA (earnings before interest, taxes, depreciation, and amortization) to be in the range of CA$13.9 billion (US$10.86 billion) to CA$14.3 billion, higher than 2020 forecast of about CA$13.7 billion. The Calgary, Alberta-based company also forecast 2021 distributable cash flow per share to be between CA$4.70 and CA$5.00 compared with its 2020 forecast of CA$4.50 to C$4.80. Enbridge raised its dividend by 3% to CA$0.835/quarter or CA$3.34 annually, effective March 1, 2021.

Occidental Petroleum Corporation – United Arab Emirates' Abu Dhabi National Oil Company (ADNOC) said it had awarded an onshore exploration concession to Occidental Petroleum Corp. Occidental will hold a 100% stake during the exploration phase, investing up to 514 million dirhams (US$140 million), including a participation fee, for oil and gas. Occidental will have the right to a production concession following a successful commercial discovery, with ADNOC having the option to hold a 60% stake in the concession. The production period is for 35 years from the start of exploration. The block, located southeast of Abu Dhabi city, covers an onshore area of 4,212 square km, ADNOC said. New data covering a large part of the block, along with its proximity to existing onshore oil and gas fields, suggests the area has "promising potential", ADNOC said.

Pembina Pipeline Corporation – forecast 2021 capital investment to be CA$785 million (US$616.27 million), lower than 2020 projection, and said it would suspend execution of a joint venture project in the province of Alberta indefinitely. A sharp decline in global crude prices and demand destruction caused by the COVID-19 pandemic have battered Canada, which was already selling its oil at steep discounts. Although prices have recovered from historic lows hit earlier this year, producers are resuming their shut-in drilling and increasing capital spending. Pembina also said significant risks, mainly project costs, arising from the pandemic require the company and partner Petrochemical Industries Company K.S.C. to suspend execution of the their joint project, Canada Kuwait Petrochemical Limited Partnership, indefinitely. Pembina announced a final investment decision for a CA$4.5 billion plant in partnership with Kuwait's Petrochemical Industries in 2019. The company said it expects 2021 adjusted EBITDA of CA$3.2 billion to CA$3.4 billion.

ECONOMIC CONDITIONS

The Bank of Canada decided to keep its main policy rate at the lower effective bound of 0.25%—a decision fully expected by markets. Once again, the Bank committed to keep the target for the overnight rate at the effective lower bound "until economic slack is absorbed so that the 2% inflation target is sustainably achieved". The Bank noted it doesn't expect this to happen until "into 2023". Importantly, the Bank's Quantitative Easing (QE) program (the Government of Canada Bond Purchase Program) will be left unchanged at "at least $4 billion per week" and will continue until "the recovery is well underway". Recall, the October meeting introduced a gradual QE calibration from at least $5 billion in purchases per week to at least $4 billion per week as well as a terming out of purchases. Thus, another significant change was not expected. There was no additional guidance on the future path of QE purchases, though the Bank's statement noted that the recovery "will continue to require extraordinary monetary policy support" (language unchanged from October).

Brexit negotiations will continue as another deadline passes. U.K. PM Johnson and European Commission President von der Leyen both promised to "go the extra mile" and try and secure a post-Brexit deal. Both sides continue to disagree on the topics of "level playing field" and fishing rights and it does still seem like both sides are still far apart. Johnson has told his cabinet to prepare for no-deal in three weeks and played down suggestions of a breakthrough. EU head negotiator Barnier said the next few days are important and says that it is the responsibility of both sides to give the talks every chance of success. It seems Europeans have a history and an innate ability to push problems down the road.

The European Central Bank new macroeconomic projections - Although 2020 is looking less bad than it did back in June and September (GDP expected to decline 7.3% this year), **2021's growth outlook** was revised down to 3.9% from September's forecast of 5.0%. This is due to the second wave of the coronavirus and the containment measures associated with it… the depth and duration were both worse than expected and that will spillover into 2021. But with an expected vaccine rollout by mid-2021, "we have good reasons to believe that by the end of 2021, we will have reached sufficient herd immunity". The economy will be able to function more normally by then, which led to an upward revision to the 2022 growth forecast to 4.2% (was 3.2%). Inflation remains "disappointingly low", and its projections were revised lower this year.

FINANCIAL CONDITIONS

The European Central Bank has not changed its interest rates: the refinance rate (0.00%), marginal lending facility (0.25%) and the deposit facility (-0.50%), and has stated that is where they will stay (or lower) until inflation "robustly converges" to something close to, but below, 2%.The **Pandemic Emergency Purchase Programme** (PEPP) was boosted by €500 billion to €1.85 trillion. And, the central bank gave it a longer lifeline. Net asset purchases under this program will continue until **at least until the end of March 2022**, which is nine months longer than previously (or June 2021), **or until the coronavirus crisis is over**. That extension was hinted at last week. It made sense in our view to increase the PEPP as the "temporary envelope" of €120 billion only ran until the end of 2020. President Lagarde noted that the **PEPP can be recalibrated later**, if needed. Not all of it needs to be used, and the timing could be lengthened, or shortened. The Asset Purchase Programme will continue at the €20 billion per month pace for as long as necessary.

The U.S. 2 year/10 year treasury spread is now 0.80% and the U.K.'s 2 year/10 year treasury spread is 0.32%. 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 2.71%. Existing U.S. housing inventory is at 2.5 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 22.53 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

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Glossary of Terms: 'boe' barrel of oil equivalent, a measurement of a unit of energy, 'boed' refers to barrel of oil equivalent per day, 'CET' core equity tier, 'EBITDA' earnings before interest, taxes, depreciation and amortization, 'EPS' earnings per share, 'FCF' free cash flow, 'GDP' gross domestic product, 'netback' is a measure of oil and gas sales revenues net of royalties, production and transportation expenses and is used to compare performance in the oil and gas industry, 'ROE' return on equity, 'ROTE' return on tangible equity, 'ROTCE' return on tangible common equity.

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

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