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NEWS HIGHLIGHTS

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

MAY 25, 2021

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Ares Management Corporation – announced that a subsidiary of Ares has entered into a definitive agreement to acquire 100% of Black Creek Group's U.S. real estate investment advisory and distribution business, a leading real estate investment management firm. Founded in 1993, Black Creek had approximately US$11.6 billion of assets under management, as of March 31, 2021, in core /core-plus real estate strategies across two non-traded Real Estate Investment Trusts and various institutional fund vehicles. Supported by large institutional investors and an established retail investor base, Black Creek has a longstanding track record across major property types, including industrial, multi-family, office and retail. Black Creek's vertically integrated platform brings significant local expertise with over 100 investment professionals operating across eight offices throughout the U.S. With an experienced team focused on core/core-plus strategies, the transaction is expected to broaden the existing capabilities and product offerings of the Ares Real Estate Group. Ares believes the approximately $2 trillion industrial real estate sector exhibits consistent fundamentals across diverse market cycles and is positioned to benefit from heightened institutional interest driven in part by secular tailwinds and the accelerated growth of e-commerce.

The Investment Management Corporation of Ontario (IMCO) closed a US$500 million commitment with a new strategic partner, Ares Management Corporation. The commitment to Ares will provide its Global Credit asset class timely access to an actively managed, diversified multi-strategy credit portfolio. IMCO has allocated $400 million of its $500-million to a Fund of One structure and $100-million to Ares Pathfinder Fund, L.P., a flagship global alternative credit fund. Pathfinder pursues a differentiated strategy of providing tailored financial solutions for owners of large, diversified portfolios of assets that generate predictable and contractual cash flows throughout market cycles. "Ares' 20-plus year track record, depth and breadth of capabilities and expertise across asset classes represents the kind of strategic partner we want as we grow our Global Credit portfolio," said Jennifer Hartviksen, Managing Director, Global Credit, IMCO.

Brookfield Asset Management Inc. – GrafTech International Ltd. announced that top investor Brookfield looks to reduce its holdings by 20 million shares through a secondary offering of shares. The sale would take Brookfield's holdings to about 64.9 million shares, reducing its stake by 8% to about 24%, according to the Securities Exchange and Commission filing. JP Morgan is the sole underwriter for the offering. In March, Brookfield sold 30 million shares in secondary offering priced at $11.88.

Italian champions Inter Milan are reportedly close to securing a 275 million euro (US$336 million) deal to help their finances and hand a minority stake to U.S. investment firm Oaktree Capital Group LLC, part of Brookfield Asset Management. Inter Milan, crowned Serie A champions this month for the first time in 11 years, and are suffering like rivals due to the hit from the COVID-19 pandemic. The club's Chinese owners had been discussing a deal for months to shore up their finances. As part of the deal, Oaktree would get a 31% stake currently held by LionRock Capital, a Hong Kong-based investment firm, and at least one place on the club's board, explained two sources. Oaktree is also one of the main holders of a 375 million euro bond issued by Inter Milan's media unit expiring in 2022. Chinese retail giant Suning.com Co., Ltd., which has owned Inter Milan since 2016, would retain control with its 68.5%

holding. Inter Milan are facing a drop in revenues due to the coronavirus pandemic, as matches are played in empty stadiums and companies cut sponsorship budgets. New spending restrictions on soccer clubs imposed by Chinese authorities further complicate matters. Inter Milan CEO, Giuseppe Marotta said last week that the Italian club must reduce its wage bill to keep its business sustainable in the face of the financial difficulties caused by the COVID-19 pandemic.

Inditex SA – The franchise operator of Zara SA and two other popular apparel chains will close all of their stores in Venezuela in the next few weeks. Zara, along with Pull&Bear and Bershka, are owned by Spain's Inditex SA and have been operating as franchises in Venezuela since 2007. The franchise is managed by Panamanian-based company Phoenix World Trade, run by Camilo Ibrahim. The three retail brands have already gradually shut down outlets in Caracas malls, with some displaying new logos and names followed by the words "coming soon." Phonex WT is re-evaluating the commercial presence of its franchised brands Zara, Bershka and Pull&Bear in Venezuela to make it coherent with the new digital integration and transformation model announced by Inditex. Meanwhile, the five stores that remain open under the previous model will cease to operate in the next few weeks. Inditex franchises in Aruba and the Dominican Republic, which is also run by Phoenix, will continue to stay open. The move came as the Venezuelan government increases efforts to draw foreign investment back into the country by effectively ending years of socialist policies. Sieged by U.S. sanctions, the Nicolas Maduro administration has allowed the country to slide into a de facto dollarization since 2019, offering private companies some breathing room to operate. Inditex entered the Venezuelan market in 1998, first managing the retail stores directly and then under a franchise model. The franchise navigated years of exchange and price controls that often led them to temporarily close stores due to a lack of merchandise. The brands were highly popular among Venezuelans, who once lined up outside the stores to shop whenever the government was forced to draw prices down or allowed the company to import merchandise at the subsidized, official exchange rate.

SoftBank Group Corporation –Adani Green Energy Ltd. said it has agreed to buy SoftBank Group Corp.'s renewable power business in India, as it seeks to accelerate efforts to expand capacity. The firm, controlled by billionaire Gautam Adani, signed an agreement for the acquisition of a 100% interest in SB Energy India from SoftBank and partner Bharti Group, according to a statement. Adani didn't give details of the transaction, but said the deal gives SB Energy an enterprise valuation of $3.5 billion. Adding the unit moves Adani Green closer to its goal of having 25 gigawatts of renewable power capacity by 2025, as it targets to play a role as one of the world's largest suppliers of clean energy. The firm has been seeking acquisitions to bolster its roster of assets, after being faced with delays in starting some large projects. According to Adani's statement, SB Energy has a portfolio of almost 5 gigawatts of solar and wind assets in India, of which 1.4 gigawatts are currently operational. All projects are backed by 25-year power purchase agreements with buyers. SoftBank holds an 80% interest in SB Energy, with Bharti holding the remaining 20%. SoftBank pursued a deal with Adani after talks to sell its stake to the Canada Pension Plan Investment Board fell through. The Japanese mobile phone and investment company founded by billionaire Masayoshi Son said in 2015 that it planned to invest $20 billion in the Indian renewables business along with partners. The exit of SoftBank comes at a time when India has been courting foreign investors to fund its massive roll-out of clean energy. French energy giant Total SA agreed in January to acquire a minority stake in Adani Green, as it also seeks to add global exposure to clean energy. Deutsche Telekom AG is in talks about a potential offer for SoftBank Group Corp's 8.5% stake in T-Mobile US Inc. a deal that would give the German telecom giant greater control over its U.S. affiliate. The terms of a potential deal, including whether Deutsche Telekom might bid for the entire stake to get majority control, have not been finalized and no firm decision has been made about an offer, according to people familiar with the matter, who have asked not to be identified since the talks are private. Representatives for Deutsche Telekom and SoftBank declined to comment. DT CEO, Tim Hoettges has a unique opportunity to increase the carrier's exposure to the U.S., which generates healthier returns than the rest of its footprint, for a below-market rate. In 2020, SoftBank raised US$14.8 billion from selling T-Mobile US shares to institutional investors. The terms of the deal gave Deutsche Telekom the right to buy some of SoftBank's remaining stake at a price based on T-Mobile US's share price at the time, more than 20% cheaper than presently.

DIVIDEND PAYERS

National Grid Fiscal Year March 2021 results in-line: Underlying EBIT was £3,283 million (Consensus £3,220 million), Underlying EPS was 54.2p (Consensus 52.1p). U.S. ROEs were 7.2%, but without storms or delays in rate cases, we believe that it could have been 8.6%. Dividend of 49.16p in line with expectations. The Covid-19 impact cost is £355m (much of which is recoverable) and this is below the £400m guidance. It is £120m bad debts, £78m lower revenues, £70m delayed rate increases. We would expect recovery of these costs in 2-3 years. Across Fiscal Year March 22-26, the company targets £30-35billion capex, 6-8% asset base growth and an EPS CAGR of 5-7%. National Grid already owns an onshore wind development platform. It is partnering with RWE in the coming U.S. offshore wind seabed rights auction.

Vodafone Group Plc Q4 Fiscal Year 2021: Group total revenues €11.2 billion, +2.2% year-over-year (Q3 -0.3%). They are also positioned for growth in the second half of fiscal year 2021 EBITDA €7.38 billion -0.6% year-over-year (First half -1.9%). This was -2% below consensus. Organic service revenues €9.37 billion, 0.8% year-over-year (consensus 0.5%, Q3 +0.4% organic). Europe organic service revenues €7.36 billion, -1.1% year-over-year (no consensus, Q3 –1.1% organic). Vodafone EBITDA was €100 million below consensus, although in the midpoint of the company guidance on a foreign exchange adjusted basis there was a €100 million foreign exchange headwind. The main driver for the weaker EBITDA appears to be the revenue mix shift highlighted by management on the first half of the year call, i.e., that revenues during COVID-19 have been more skewed to low-margin activity (e.g., fixed voice calls). Fiscal year 2022 guidance was adjusted EBITDA €15.0-15.4 billion in fiscal year 2022, midpoint in line with consensus of €15.2 billion, but in our view, overall guidance was disappointing due to higher capex. Vodafone capex guidance of €8 billion was €200 million above consensus and explains the difference versus guidance Adjusted Free Cash Flow of at least €5.2 billion, consensus €5.4 billion, so approximately €200 million below consensus. On top of this, guidance now excludes Vantage growth capex (~€300 million per annum) therefore we believe, the like-for-like Free Cash Flow guidance is more like €4.9 billion, i.e., 10% below consensus. The mid-term guidance is welcome and looks positive, EBITDA margin to rise i.e., EBITDA / Free Cash Flow mid-single digit growth; Net debt/ EBITDA 2.5-3.0x and; Return on Capital Employed was greater than Weighted Average Cost of Capital. The dividend commitment of US$0.09 cents is now an explicit commitment versus a capital allocation priority which we believe to be a modest positive.

Walmart Q1 Results: U.S. Comparisons beat expectations at +6.0% versus consensus of +0.9%. The comparable performance implies a two-year stack of +16.0%, which was a +550 basis points sequential acceleration. Additionally, Ecommerce contributed 360 basis points to the comparison which suggests in-store comparables came in at +2.4% or +8.5% on a two-year basis. Overall, gross margins improved 100 basis points in the quarter, as the company benefitted from mix shifts towards higher margin general merchandise categories (consensus was expecting a 50 basis points lift). U.S. EBIT came in at $5.5 billion, which was ahead of consensus at $4.45 billion. Adjusted EPS was US$1.69 (includes a 7 cents benefit from divested businesses owned during the quarter) versus consensus of US$1.21. Management mentioned that Q2 is off to a better-than-expected start as stimulus continues to drive general merchandise sales and grocery market share gains continue. Walmart is expecting U.S. comparables up to low single-digits versus consensus of +1.3% with operating income declining low to mid-single digits (versus declining mid to high single-digits previously). EPS is now expected to decline to low single-digits versus consensus of -7.7% and previous guidance of a mid to high single-digit decline. Walmart gained share in U.S. Grocery during Q1 as sales declined to low single-digits after increasing to low double-digits last year. The company also said that they expect to continue gaining share through the rest of the year. There were 30% more rollbacks in Q1 2021 than Q1 2020. General merchandise market share was flat for 2020.

LIFE SCIENCES

Telix Pharmaceuticals Limited – announced that the company's bone marrow conditioning investigational candidate TLX66 (90Y-besilesomab) has met study objectives, demonstrating the initial safety profile in patients with Systemic Amyloid Light Chain Amyloidosis (AL amyloidosis). The TRALA trial (Targeted Radiotherapy for AL Amyloidosis) is a Phase I/IIa trial to evaluate the safety and toxicity of TLX66 as the sole bone marrow conditioning agent prior to autologous hematopoietic stem cell transplantation (HSCT) in patients with AL amyloidosis. The TRALA trial was sponsored by the University of Southampton Hospital in Southampton, U.K. In total, nine patients with AL amyloidosis were enrolled into the TRALA trial and received TLX66 as the sole bone marrow conditioning agent prior to undergoing autologous HSCT. TLX66 demonstrated a favourable safety profile and was well tolerated in all nine patients, each of whom completed the trial. All patients (100%) were successfully engrafted following bone marrow conditioning with TLX66 and autologous HSCT without any chemotherapy. Telix Chief Medical Officer Dr. Colin Hayward said, "The results from the TRALA trial indicate that TLX66 may offer a new approach to bone marrow conditioning in patients who could benefit from HSCT such as those with AL amyloidosis, providing new hope to patients with this rare disease and with few effective treatment options. TLX66 was well-tolerated, enabling successful engraftment of the patients' own transplanted stem cells without the need for toxic chemotherapy. With all patients remaining alive, and most not even requiring further therapy. We believe these data support taking TLX66 forward into a pivotal registration program in this rare disease indication."

ECONOMIC CONDITIONS

Canada's consumer price index (CPI) rose 0.5% in April (not seasonally adjusted), above consensus expectations which were calling for a weaker print (+0.2%). In seasonally adjusted terms, headline prices surged 0.6% on gains for all categories and led by recreation/education/reading (+1.4%), health/personal care (+1.3%) and household ops/furnishings/equipment (+0.8%). Year on year, headline inflation clocked in at 3.4%, up from 2.2% in March. On a provincial basis, the headline annual inflation rate was roughly in line with the national average in Quebec (+3.4%), Ontario (+3.3%) and Alberta (+3.3%) while it undershot that mark in British Columbia (+3.0%). Inflation was quite strong across the Maritime provinces. On a 12-month basis, the Bank of Canada's three core inflation measures were as follows: 1.7% for CPI-common (versus 1.5% the prior month), 2.3% for CPI-trim (vs.2.1%) and 2.3% for CPI-median (vs.2.1%). The average of the three measures rose to 2.1%, the highest since February 2012. The headline figure has benefitted from a substantial positive base effect, as inflation was negatively impacted last year by the imposition of COVID-19 containment measures. Consequently, the increase in April reflected last year's weakness as much as the current increase in prices. Specifically, headline inflation was positively affected by a 62.5% increase in gasoline prices over the past 12 months. Prices for shelter (+3.2% year-over-year), continued to be pulled in two different directions. On one side, the homeowners' replacement cost index (influenced by rising construction prices) was running at +9.1% year-over-year (fastest pace since April 1989). On the other side, the mortgage interest cost index was down 7.3% as mortgage rates continued to be historically low in April. Inflation was strong albeit a difficult month in April regarding the sanitary situation. Provinces are starting to roll-out their re-opening plans and which should allow consumers to unleash sizeable excess savings that they have accumulated. As the industrial product price index (IPPI) has shown in recent months, excess demand should lead to price pressures. In summary, we believe that extremely stimulative monetary and fiscal conditions through the end of 2022 will contribute to maintain inflation in the upper band of the central bank target range in 2021 and 2022.

Canadian retail sales most likely plunged by 5.1% in April, Statistics Canada said on Friday, a fall that analysts said coincided with provincial efforts to fight a third wave of COVID-19. Statistics Canada also said March retail trade rose by 3.6% from February, due to higher sales at building material and garden equipment and supplies dealers. Analysts in a Reuter's poll had forecast a 2.3% increase. Statistics Canada cited the "rapidly evolving economic situation" as a reason for predicting the April decline but did not give details. The estimate was calculated based on responses received from 46% of companies surveyed. Statistics Canada said that, based on respondent feedback, 2.1% of retailers were closed at some point in March. The average length of the closure was less than one day. "This represented a widespread reopening of the economy between the second and third waves of the pandemic."

U.S. housing starts dropped to a level of 1.569 million units (annualized) the lowest level since February, or the 2nd lowest since last November. Nonetheless **housing demand is still incredibly strong**. All the decline in starts were in the harder-to-find **single family** homes (-13.4%), which benefitted the lower-priced **multi-unit** structures (+0.8%). Builders are finding it very difficult to accept or fulfill orders given all of the **hurdles** they face lack of, therefore super expensive, copper and lumber, and not enough workers to build. However, **building permits** rose 0.3% in April to 1.76 million units, annualized, a 3-month high. This continues to be above the number of starts, which points to more ground being broken.

The U.K. economy is set to grow at its fastest pace since the Second World War, overtaking the US, according to Bank Of England economist Andy Haldane who noted that low COVID-19 infection rates and vaccinations are leading to a surge in consumer spending. The unemployment rate is also lower than expected.

U.K. employment market data saw the small downside in the unemployment rate that we had been looking for, coming in at 4.8% in March (better than 4.9% in February). The ex-bonus wage data was in line with consensus at 4.6% year-over-year, but including bonuses, headline wage growth was quite a bit lower at 4.0% year-over-year (mkt 4.5%). The flash estimate for April showed employment up, just shy of 100 thousand month-over-month. To put that in context, there was estimated to be approximately 3 million workers still on furlough in April (in addition to those who lost jobs over the last year), indicating that there is still a long road ahead for the labour market to resume to normal.

Japan real GDP shrank 1.3% in Q1, or 5.1% annualized, or 1.8% below a year ago. (due to the power of revisions, and a smaller-than-originally estimated decline in the first half of last year, 2020 came in at -4.7%, or +0.2 percentage points from the first estimate.) The Q1 decline was, however, worse than expected, with overall growth held back by consumer spending (-1.4%) and business investment (-1.4%). Japan's manufacturers benefited from stronger global demand for cars and car parts, and microchips… exports rose 2.3%. But, the second quarter is unlikely, in our view to see a big bounce back, with the state of emergency running until May 31. We believe, the Bank of Japan will not be changing policy anytime soon.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 1.43% and the U.K.'s 2 year/10 year treasury spread is .77%. 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 an inversion is usually an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 3.00%. Existing U.S. housing inventory is at 1.9 months' supply of existing houses - well off its peak during the Great Recession of 9.4 months which we consider a more normal range of 4-7 months.

The VIX (volatility index) is 18.57 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 is encouraging for quality equities.

And Finally: "This report, by its very length, defends itself against the risk of being read."

~Winston Churchill

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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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