NEWS HIGHLIGHTS

EST. 2007

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

MAY 31, 2021

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Softbank - Paytm, India's leading digital payments provider, is aiming to raise about 218 billion rupees (US $3 billion) in an initial public offering late this year in what could be the country's largest debut ever, according to a person familiar with the deal, . The start-up, backed by investors including Berkshire Hathaway Inc., SoftBank Group Corp. and Ant Group Co., plans to list in India around November and its offering could coincide with the Diwali festival season, said the person, asking not to be named because the details are private. Paytm, formally called One97 Communications Limited, is targeting a valuation of around $25 billion to $30 billion. If successful, Paytm's initial share sale would surpass Coal India Ltd.'s offering, which raised more than 150 billion rupees in 2010 in the country's largest initial public offering (IPO) so far. Banks shortlisted to run the Paytm offering include Morgan Stanley, Citigroup Inc. and JPMorgan Chase & Co., with Morgan Stanley the leading contender, a person said. The process is expected to begin in late June or early July. The public market debut will include a mix of new and existing shares to meet regulatory obligations in India. The country's regulations require that 10% of shares are floated within two years and 25% within five years. Paytm, led by founder and Chief Executive Officer Vijay Shekhar Sharma, has been focusing on ramping up revenue and monetizing its services over the past year. It's expanded beyond digital payments into banking, credit cards, financial services, wealth management and digital wallets. It also supports India's financial payments backbone, the Unified Payments Interface or UPI. Paytm has fended off stiff competition from a swath of global players including Walmart Inc.-owned PhonePe, Google Pay, Amazon Pay as well as Facebook Inc.-owned WhatsApp Pay. It has the biggest market share of India's merchant payments. Paytm has over 20 million merchant partners and its user's process 1.4 billion monthly transactions, according to numbers in a recent company blog post.

Facebook Inc. - Facebook rejected two proposals intended to diminish Chief Executive Officer Mark Zuckerberg's control over the company, an expected, though disappointing outcome for those worried about the CEO's power. On Wednesday, the board turned down a proposal to replace Zuckerberg as chairman with an independent representative. According to a regulatory filing, Zuckerberg, who has served as chairman since 2012, controls about 58% of the voting shares. During Facebook's annual meeting, the board also rejected a proposal to eliminate the special class of super-voting shares that gives Zuckerberg a controlling stake in the company. Under the plan, investors would have been awarded one vote per share. The Zuckerberg controlled board has rejected similar motions in years past. While not surprising, the votes are likely to frustrate shareholders who argue Zuckerberg has too much power at a time when Facebook requires more independent oversight to address its regulatory threats, privacy scandals and public controversies. Facebook also agreed to reappoint its current slate of board directors including Chief Operating Officer Sheryl Sandberg and Palantir Technologies Inc. co-founder Peter Thiel.

DIVIDEND PAYERS

Bank of Montreal reported core cash EPS of $3.13. This was 13% better than the consensus $2.77. The result was up 2% quarter-over-quarter and 202% year-over-year. Pre-Tax/Pre-Provision earnings was down 1% quarter-over-quarter but up 38% year-over-year. On a segmented basis, US P&C and Capital Markets beat estimates, while Wealth Management & Insurance was in line, while Canada Property and Casualty (P&C) and Corporate missed estimates. Securities gains were elevated once again, but little changed from the first quarter. The bank's Core Equity Tier 1 ratio came in at 12.95% versus 12.45% in the first quarter of the 2021 fiscal year with the increase coming from 39 basis points of internal capital generation, and 12 basis points from lower source currency Risk-Weighted Asset (RWA). RWA declined 3% quarter-over-quarter to CAD$319.8 billion. Total Provisions for Credit Losses came in at CAD$60 million, below the consensus at CAD $219 million.

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Canadian Imperial Bank of Commerce (CIBC) reported adjusted EPS of $3.59 versus consensus at $3.01. EPS was up 281% year-over-year, and Pre-Tax/Pre Provision earnings were up 14% year-over-year. Net interest income was in line with expectations, but market-sensitive revenues came in higher due to better-than-expected underwriting and advisory fees. The expense story was also a (modest) positive surprise. On a segmented basis, Canadian Banking & Wealth, Canadian P&SB, US Banking and Wholesale exceeded expectations. The bank's Core Equity Tier 1 ratio climbed 10 basis points quarter-over-quarter to 12.37%. The increase was mostly due to 37 basis points of internal capital generation, partially offset by risk- weighted assets growth amounting to 28 basis points as the bank accelerates organic growth. Core return on equity was 17.3%, and book value per share came in at $86.70, up 4% year-over-year. Total provisions for credit losses came in at Cad$32 million (including a recovery in provisions on performing loans of Cad$214 million) versus the consensus at Cad$232 million.

Costco U.S. Same Store Sales increased +15.2% and increased +23.2% on a two-year basis. Membership renewal rate in the U.S./Canada was 91% (sequentially steady) and worldwide it came in at 88.4% (down 10 basis points sequentially). The worldwide renewal rate was impacted by China which entered into the calculation for the first time. Core on core margins were up +27 basis points versus +71 basis points in the second fiscal quarter and +65 basis points in fiscal quarter one. EPS came in at $2.75 (includes 9cents of COVID-19 costs) versus consensus of $2.38. **Inflation:** Management was previously expecting inflation to be up 1-1.5% but now expects inflation of 2.5-3.5%. Management said they are passing along some price increases but overall not expecting a significant gross margin impact from inflation. Costco will try to use its limited Stock-keeping unit (SKU) offering and purchasing power to limit Consumer packaged goods (CPG) cost increases as much as possible. Costco mentioned that they are receiving a significant number of younger consumers to shop the box. In the past there had been concerns that the demographic was aging but as Costco changes product assortment and offers value, it resonates with many generations. Management expects to open 7 additional warehouses in the fourth fiscal quarter (5 in the U.S. and 2 internationally). The team is expecting to open 25 new units in each of the next 2 fiscal years. Capex is expected to be US$3.3-3.5 billion (versus $3.0-3.US$2 billion previously). Costco said that they believe elevated food at home sales could continue for the next 6-plus months. They think that the level of in-stock and quality helped them benefit during COVID-19.

Royal Bank of Canada (RBC) reported adjusted EPS of $2.79, versus the Street at $2.51. This result was up 4% quarter-over-quarter and 170% year-over-year. The beat was driven by credit and a 35% year-over-year increase (flat quarter-over-quarter) in other fee income. Provisions for credit losses (PCLs) this quarter came in at a recovery of $96 million versus the consensus at an expense of CAD$277 million. On a segmented basis relative to our numbers, Canadian Banking delivered the biggest beat, but Capital Markets and Wealth Management also reported solid beats. Insurance and Investor & Treasury Services (I&TS) came in below expectations. Net interest margin increased 1 basis point quarter-over-quarter in Canadian Banking and 4 basis points in U.S. Wealth. Core return on equity was 19.6%.The bank's Core Equity Tier 1 ratio came at 12.77%, up 30 basis points quarter-over-quarter. This result was above the consensus estimate of 12.69%. Record internal capital generation of 43 basis points was partially offset by a 21 basis points decline due to Risk weighted assets (RWA) growth excluding foreign exchange. RWA was flat quarter-over-quarter.

SSE EPS was guided at 85-90 pence at their last trading statement and it came in at 87.5 pence/share. These results include gains of over £200 million (19 pence) from the sale of stakes in Dogger Bank A and B. Net debt and capex also in line with prior guidance (net debt at £8. billion versus guidance of £9 billion). No outlook guidance for 2021/22 yet, which is usual for this time of the year. Consensus has 93 pence/share EPS for 2021/22. SSE believe capex will be closer to £2 billion this year pre-refunds. Gas Distribution is on track to be disposed of by end of this calendar year. Investment in electricity transmission is set to be £2.8 billion being the base case plus Shetland High Voltage Direct Current (HVDC) link. On power hedging SSE appear to be 85% hedged for 2021/22 in wind and 83% in hydro falling to 60% in wind and 56% in hydro in 2022/23 which could see earnings revisions higher on the back of materially higher power prices versus their £48-50 average hedged price. SSE still believes the Scotwind auction and the 12GW contracts for difference (CFD) auction will be at the end of this year. We estimate that SSE owns two attractive asset classes in the energy transition story – i) regulated assets with high growth as renewables need connecting and consumers need material upgrades and ii) a deep offshore wind pipeline with over 5 years of secured pipeline. We see catalysts through 2021 being clarity on the UK Energy White paper, the 10GW Scotwind auction and the 12GW CFD auction.

Toronto Dominion Bank (TD) reported core cash EPS of $2.04 versus consensus at $1.76. This result was up 140% year-over-year and 12% quarter-over-quarter. Pre-Tax/Pre-Provision earnings were down 3% year-over-year when modified for TD's U.S. strategic card portfolio accounting and other items. The EPS beat was driven by lower-than-expected Provisions for Credit Losses. Total PCLs came in at a recovery of CAD$377 million compared to consensus at an expense of CAD$474 million. Revenue came in higher than expected, but this was more than offset by higher-than-expected expenses and a higher tax rate. Capital was once again a key positive as the bank's Core Equity Tier 1 ratio remained at the top of the sector at 14.20%. The increase was mostly due to internal capital generation (47 basis points) and actuarial gains on employee benefit plans (17 basis points). Core return on equity was 17.1% and book value per share came in at $49.25, up 1% year-over-year.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND

Telix Pharmaceuticals – As interest and demand for more accurate prostate cancer imaging grows, along with the approval of the first Ga-68 PSMA based prostate imaging agent late last year, Cardinal Health Nuclear & Precision Health Solutions (Cardinal Health) and Telix Pharmaceuticals (US) Inc. (Telix) have developed an in-depth white-paper, entitled: "Moving beyond the Myth: Meeting the growing demand for Ga-68 radiopharmaceuticals." The paper shines a light on the pathways for radio-isotope production, distribution and clinical application, as well as highlighting the extensive systems already in place to help ensure potential demand for Ga-68 imaging products is reached. Despite major disruption caused by COVID-19, 2020 saw two new drug applications (NDA) and an approval by the U.S. Food and Drug Administration (FDA) for the first 68Ga-PSMA-11 product for prostate cancer imaging albeit restricted to use in two academic institutions. "A key to satisfying the demand for this isotope lies in having a robust network of radiopharmacies like Cardinal Health," said Dr. Christian Behrenbruch, Chief Executive Officer of Telix Pharmaceuticals Limited. "There is a perception in the industry that supply chain issues may limit the availability of gallium-based radiopharmaceuticals. Whilst this may have been true historically, this is no longer the case. The strength and power of gallium lies in its flexibility, with production by either cyclotron or generator. This offers greater flexibility and opportunity for scale than other purely cyclotron-based isotopes. Subject to regulator approval, we look forward to offering state-of-the-art diagnostic imaging to U.S. men living with prostate cancer, and Cardinal Health's radiopharmacy network and infrastructure will be vital in facilitating nationwide access." Cardinal Health Nuclear & Precision Health Solutions offers an extensive network of over 130 pharmacies, of which more than 110 are licensed to process 68Ga. Besides distribution efficiencies, Cardinal Health's Accutrac® system tracks doses during transit from the pharmacy to the site of care, enabling a greater than 99% on-time delivery record to help ensure doses are delivered where and when they are needed,. "Patient and physician satisfaction is our top priority," says Tiffany Olson, President of the Cardinal Health Nuclear & Precision Health Solutions business. "Telix Pharmaceuticals is developing gallium-based innovations to advance prostate cancer imaging, and Cardinal Health is ready to help meet that demand." The white-paper is available for free download at: www.cardinalhealth.com/gallium68.

ECONOMIC CONDITIONS

U.S. personal spending rose 0.5% in April, largely as expected, following an upwardly-revised 4.7% jump in March (from 4.2% previously). While real spending fell slightly, this also followed a bumped-up gain of 4.1%, putting the tally **already 9% annualized above first quarter levels**. Real personal spending on services rose solidly in April, though it did slowdown from the prior month, which was led by gains in recreation, restaurants/bars, and hotels, as the economy continued to fully re-open and vaccinated travelers hit the road and diners. The strength in services was offset by a pullback in demand for goods (apart from autos) following outsized gains in March stemming from the rebate payments.

U.S. Personal income retreated 13.1% after surging a record 20.9% on the stimulus payments. However, **wages and salaries rose 1.0% for a second straight month**, and are up 4.2% annualized from two years ago which is in line with the trend growth. Firming wages and rising employment will feed back to support consumers this year. Also providing big-time support will be excess savings amounting to over $2 trillion during the pandemic (or more than 13% of nominal consumer spending)...which only piled higher in April. Although the saving rate was down to 14.9% from 27.7%, this is still double the 2019 average.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 1.45% and the U.K.'s 2 year/10 year treasury spread is 0.73%. 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 decreased to 2.95%. 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 and what we consider to be a more normal range of 4-7 months.

The VIX (volatility index) is 16.76 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 is encouraging for quality equities.

And Finally: "Nothing is more persuasive than the opinion you desperately want to believe is true"

~Morgan Housel

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1.Not all of the funds shown are necessarily invested in the companies listed

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