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NEWS HIGHLIGHTS

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

JUNE 7, 2021

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

SoftBank Group Corporation - Flipkart, the Indian e-commerce company controlled by Walmart Inc., is in talks to raise at least US$3 billion from investors including SoftBank Group Corp. and several sovereign wealth funds, according to the people familiar with the matter. The start-up is targeting a valuation of about $40 billion and is in discussions with Singapore's GIC, Canada Pension Plan Investment Board and the Abu Dhabi Investment Authority, according to people who asked not to be named because the discussions are private. Japan's SoftBank, which had previously backed Flipkart before selling its stake to Walmart, could invest $300 million to $500 million of the total through its Vision Fund II, according to one of the people familiar with the discussions. Flipkart plans to raise the additional capital ahead of an initial public offering (IPO), now planned for next year. The company had targeted an IPO as soon as the fourth quarter of this year, but those plans have been delayed by the coronavirus resurgence in India. The fundraising discussions are not yet finalized and could still change. The e-commerce market has boomed over the past 18 months it is one of the clear beneficiaries of the pandemic. Shares of Amazon, which competes with Flipkart in India, soared more than 70% during that period, to a market value of $1.6 trillion. One of the most successful IPOs this year was South Korea's Coupang Inc., another SoftBank-backed e-commerce provider. The deal would mark an unlikely return for SoftBank. The Japanese company agreed to sell its stake in Flipkart to Walmart in 2018, which reaped a profit of about $1.5 billion in the span of a year. Flipkart was founded in 2007 by two former Amazon engineers and then 11 years later acquired by Walmart which was the American retailer's largest acquisition ever. Walmart has since invested more than $1.5 billion in the retail platform, at the same time Amazon has pumped billions into its local business. Today, Flipkart includes the fashion retailer Myntra and Flipkart Wholesale, its digital marketplace targeted at small and medium businesses. Flipkart also owns a substantial stake in digital payments provider PhonePe. Since the beginning of the pandemic, Flipkart and its peers have expanded further into smaller Indian cities. The online retailer is watching an increase in first-time internet users shop on Indian language versions of its service along with utilizing voice-enabled shopping. According to one of the people, annual revenues are approximately $15 billion, driven mostly by sales of electronics and fashion, however, home furnishings, health care and groceries are also increasing. The potential funding could help Flipkart invest in its supply chain, technology and other possible acquisitions while battling rising competition. Besides Amazon, a pair of domestic entrants are backed by two of the country's most powerful conglomerates, Reliance Industries Limited and Tata Group.

SoftBank Group Corporation - Oda, Norway's largest online grocery business, became the latest unicorn in this country after a new transaction valued the business at 10.2 billion kroner (US$1.2 billion), Chief Executive Officer Karl Munthe-Kaas told newspaper Dagens Naeringsliv. An "international financial player" bought shares totaling about 40 million kroner from smaller investors this week, Munthe-Kaas told the paper, they did not identify the buyer. The new valuation implies an increase of 36% in six weeks, following a 223 million-euro ($271 million) funding round that included SoftBank Group Corp.'s Vision Fund 2. Carnegie was the company's adviser on both deals. The CEO said that Oda's revenue was as much as 2 billion kroner last year, with an operating profit margin of minus 3%.

Facebook Inc. - Facebook Inc. executives used the company's annual developer conference to tout new tools for businesses to power the future of digital commerce. The company on Wednesday introduced a handful of programming updates aimed at helping companies use WhatsApp and Instagram, Facebook's messaging and photo-sharing apps, to lure new customers and keep existing ones. Facebook Chief Executive Officer Mark Zuckerberg said while the pandemic forced the company to pare back the normally glitzy in-person F8 conference to a virtual event, it allowed executives to refocus on ways that developers could innovate on the company's platforms. Ankur Prasad, Facebook's director of business messaging, said the company is giving developers access to Instagram's application programming interface to build new messaging tools for businesses. For example, these changes could allow customers to receive automated answers to questions like what time a business opens without leaving Instagram for a different app. The Menlo Park, California-based social media giant is trying to bolster online offerings for businesses as they navigate the re-emergence of shopping again at brick-and-mortar stores. Facebook also said that it's expanding the ways companies can communicate with their customers using WhatsApp, by alerting people when a popular item is back in stock. Roughly, since 175 million people message a business on WhatsApp every day. Facebook has been trying to increase the ways it can monetize its messaging business, which has been expanding to include customer-service products that help companies interact with people via chat apps, like WhatsApp and Messenger. Last year, the company bought the customer service software start-up Kustomer Inc. Facebook also invested in Jio Platforms, an Indian internet giant that WhatsApp plans to partner with on commerce.

Brookfield Asset Management Inc. – Brookfield Infrastructure Partners raised its hostile bid to buy Inter Pipeline to CAD$8.48 billion, topping Pembina Pipeline Corp's CAD$8.3 billion offer to buy the Canadian oil and gas transportation company. The latest offer valued Inter at CAD$19.75 per share, CAD$3.25 above the investment firm's previous offer and 30 Canadian cents above Pembina's offer on Tuesday. The bidding war for Inter Pipeline's oil and gas pipelines, mainly in Western Canada, as well as storage facilities and processing plants, comes as North American oil futures reach a more than 2-1/2-year high. The Brookfield bid for Inter Pipeline, if successful, would be the biggest Canadian oil and gas sector deal in four years. Brookfield, the largest shareholder of Inter Pipeline with a 9.75% stake, said it was "disappointed by the seeming lack of fiduciary responsibility shown by the decision of IPL Board of Directors to support an inferior proposal by Pembina." The firm added that it was taking the offer directly to Inter Pipeline's shareholders.

DIVIDEND PAYERS

Bank of Nova Scotia - reported Q2/2021 core cash EPS of CAD$1.90 versus consensus of $1.76. The beat was driven by lower than expected Net income (+15c) and lower Provisions for Credit Losses (+10c), offset by lower revenues (-7c). Provisions for Credit Losses (PCLs) of $496 million versus consensus of $686 million. CET1 capital ratio of 12.3% compared to 12.2% last quarter. The ~10 bps increase from Q1/2021 was the result of internal capital generation of +29 bps and pension re-measurement benefits of +15 bps, partially offset by risk weighted asset inflation of -20 bps and other factors of -14 bps. Here are the Segment Highlights: Canadian Property and Casualty (P&C) reported 2% earnings growth quarter over quarter (Q/Q) - Pre-Tax/Pre-Provision (PTPP) up 7% year over year (Y/Y). International Banking reports 11% earnings growth Q/Q (PTPP down 8% Y/Y). PCL ratio of 118 bps was down 160 bps Y/Y and down 31 bps Q/Q. Capital Markets reports a 5% decline earnings Q/Q (PTPP down 26% Y/Y). Trading revenues of $689 million were lower than the expected $800 million. Advisory revenues of $216 million were higher than the expected $189 million. Corporate loan balances were down 18% Y/Y and down 1% Q/Q. Global Wealth earnings up 21% Y/Y (PTPP +20% Y/Y). Assets Under Management was up 19% Y/Y (highlighted by 23% growth domestically) and Assets under administration up by 20% Y/Y.

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

JPMorgan Chase & Co. - has applied to take full control of its securities joint venture in China, in the latest example of a U.S. bank expanding its foothold in the country's financial markets. The bank reported that it had handed in an application to Chinese regulators to purchase 100% of the business, up from its current 71%. (source Financial Times)

LIFE SCIENCES

Novartis International AG – the recent American Society of Clinical Oncology (ASCO) presentations revealed: (i) **Lutetium-PSMA-617 data justify new treatment option in mCRPC**. The VISION study in metastatic castration resistant prostate cancer (mCRPC) showed a solid efficacy profile. Treatment showed a 38% relative risk reduction for overall survival and a 60% relative risk reduction for radiographic progression-free survival (rPFS). Safety/tolerability was not viewed as a barrier in this late setting, but analysts see this as a potential challenge in earlier lines of treatment where Novartis is running a further 2 studies - mCRPC pre-taxane and metastatic hormone-sensitive prostate cancer (mHSPC). During the expert panel discussion, the **ASCO discussant expressed disappointment at only 4 months incremental overall survival (OS)** benefit and also cited access to treatment as a potential barrier to adoption given the required interaction between the oncologist and nuclear medicine specialist and the expense of PSMA-PET scans. (ii) **Kisqali extended follow-up in metastatic ER+ breast cancer positive** showing a sustained overall survival benefit of 53.7 months compared to 41.5 months on the placebo.

Roche Holding AG - the recent American Society of Clinical Oncology (ASCO) presentations revealed the full presentation of the IMPower010 results of Tecentriq in adjuvant lung cancer (Abstract 8500). Tecentriq demonstrated a 34% risk reduction in disease recurrence in PD-L1 positive Stage 2-3a patients versus best supportive care (BSC) (HR=0.66, p=0.0039). In all comers, Tecentriq saw a 21% reduction in risk of recurrence. Patients with PD-L1>50% had an even more pronounced response, with a HR=0.43. In line with expert discussion at the meeting, this data is viewed as likely fillable with regulators, given the prior use of disease free survival (DFS) data in lung cancer approvals (e.g., Imfinzi PACIFIC & Tagrisso ADAURA). This potential, first to market opportunity, is likely limited to Stage 2-3a patients given the data in Stage 1b remains immature. As the benefit was greatest in PD-L1 positive patients, it is anticipated that approval will be granted in this biomarker selected subgroup only.

Telix Pharmaceuticals – announced that it has entered into a co-promotion agreement in the United States with Berlin-based Eckert & Ziegler Strahlen- und Medizintechnik AG for the combination of Eckert & Ziegler Strahlen- und Medizintechnik AG 'sGalliaPharm® (gallium-68 generator) and Telix's investigational prostate cancer imaging product Illuccix® (a kit for the preparation of 68Ga-PSMA-11 injection). Under the terms of the agreement, Telix and Eckert & Ziegler Strahlen- und Medizintechnik AG will expand their existing collaboration to further develop access to Ga-68 supply in the United States. The parties will co-promote Illuccix® and GalliaPharm® to ensure healthcare providers nationwide have secure access to Illuccix® and Ga-68 generators. Illuccix® may be prepared using a gallium-68 generator and has been validated for use with the GalliaPharm® generator. The Illuccix® New Drug Application (NDA) is currently under review by the United States Food and Drug Administration (FDA) and includes support for GalliaPharm®.

Advanced Nuclear Medicine Ingredients S.A (ANMI) - a wholly owned European subsidiary of Telix, and Alpha Therapy Solutions announced the receipt of a EUR990 thousand (A$1.56 million) 'Eurostars-2' research grant from the EUREKA Association. The Eurostar's program supports international innovative projects involving at least two different participants from different Eurostar's countries and led by research and development (R&D)-performing small and medium-sized enterprises. Eurostar's projects are awarded access to public funding, which originates from participating countries' national budgets and the European Union Horizon 2020 framework. Funding has been awarded to Telix and ATS to develop a novel anti-cancer Targeted Alpha Therapy (TAT) using the alpha-particle emitting radioisotope; astatine-211. The scope of the project, with a budget of EUR990 thousand over three years, comprises scale up radiochemistry, preclinical studies and support for a clinical proof-of-concept study. The efficient scale-up production of astatin-ated radiopharmaceuticals is made possible through the use of ATS' novel automated astatine production platform.

ECONOMIC CONDITIONS

Canada Employment dropped 68 thousand in May according to the Labour Force Survey, worse than consensus expectations that was calling for a 25 thousand pullback. This drop, combined with a decline in the participation rate (64.6%), translated into a slight increase in the unemployment rate from 8.1% to 8.2%. Job losses in May were driven by workers in the private sector (-60.4 thousand) and public sector (-10.1thousand) while self-employed (+2.6 thousand) posted a gain. Employment in the goods sector was down (-46.1 thousand) as losses in manufacturing (-35.9 thousand), construction (-15.8 thousand) more than offset increases in resources (+8.6 thousand). Agriculture and utilities jobs were essentially flat. Services-producing industries, for their part, contracted by 21.8 thousand jobs, based on declines in other services (-24.1 thousand), trade (-21.2 thousand), accommodation/food services (-7.5 thousand), and healthcare (-2.6 thousand) while transportation/warehousing (+21.9 thousand), professional services (+8.9 thousand) and information/culture/recreation (+5.7thousand) experienced the strongest gains among services. Full time employment was down 13.8 thousand while the ranks of part-timers dropped by 54.2 thousand. On a regional basis, all the four largest provinces experienced declines in employment. Ontario (-31.6 thousand) posted the most severe drop while Quebec (-8 thousand), B.C. (-1.9 thousand) and Alberta (-1thousand) had less negative prints. Nova Scotia saw a substantial 22.2 thousand job losses in the month. On a 12-month basis, hourly earnings for permanent workers rose from -1.6% to -1.4%.

Canada GDP - Statistics Canada released its estimate of Q1 GDP. The economy jumped 5.6% annualized, below consensus estimate calling for a 6.8% print. Domestic demand was stronger than the headline in Q1 as residential investment surged (+43.3% quarter over quarter annualized) and household consumption (+2.7%) posted decent growth while non-residential investment (-2.7%) posted a first pullback in three quarters. Government spending also rose in the quarter (+6.2% quarter over quarter annualized). Trade positively impacted GDP as exports (+6.0%) increased at a faster pace than imports (4.3%). Nominal GDP surged 18.4% annualized in the quarter following a 15.4% rise in Q4. Disposable income jumped 9.5% annualized in the quarter following a 2.6% decline in Q4, while consumption grew 4.4% annualized. As a result, the savings rate increased from 11.9% to 13.1%. Industry data showed output jumping 1.1% unannualized in March. Gains were widespread among sectors no less than 18 of the 20 broad industries surveyed registered gains (only utilities and management were down). Statistics Canada also released an advanced estimate for April showing a 0.8% month over month pullback. While real GDP growth in Q1 was below consensus expectations, the performance was much stronger than expected a few months ago. Non-essential stores closures in both Ontario and Quebec in the first month of the year were not auspicious for economic growth. Despite this, Canada registered the second-best performance among G-7 countries during the quarter, bringing the Canadian economy within 1.7% of its output in the fourth quarter of 2019 (also the second strongest recovery).

U.S. nonfarm payrolls rose 559,000 but were below expectations in May. With payrolls still down 7.6 million (or -5.0%) from pre-pandemic levels, there is still more to be done. It helps that the prior two monthly gains were revised up by 27,000. Private payrolls rose 492,000 in May, led by leisure and hospitality (292,000), with reopening restaurants and bars accounting for 186,000 of the increase. The problem is that vaccinated diners are streaming back so fast that establishments can't hire fast enough, and some former workers have been slow to return to the labour force. About 2.5 million people say they are prevented from seeking work due to the pandemic, which is declining but still large. The return of former workers is crucial to sustaining the recovery at the current strong pace. Rising wages and bonus payments will help (while sustaining higher inflation). Public and private education also regained 144,000 positions, but that still 1.1 million short of pre-virus levels. This will be a deep well for job growth (assuming supply improves) as state and local government finances are in much better shape than in the early days of the pandemic, in addition to the ability to draw $350 billion from the American Rescue Plan Act. Construction and retail, two of the few sectors that shed jobs in May, clearly reflect lack of skilled and even unskilled workers to fill a record number of job openings.

The **participation rate fell a tick to 61.6%** and has been locked in a narrow range since last summer. It is still 1.7 percentage points below pre-virus levels. That is bad for future job and economic growth, in addition to the inflation outlook. The **unemployment rate dropped three-tenths to 5.8%**, a new cycle low, though still well above the 3.5% pre-pandemic trough. Yet, reported labour shortages appear worse today than when the jobless rate was at a half-century low. **Unit labour costs are now trending at the fastest rate in four decades**...and they are a key potential source of sustained inflation pressure.

Like home sales, hiring is being held back by a lack of supply, which can't keep up with roaring demand. And fiscal and monetary stimulus is still gushing through the system. The Federal Reserve's temporary-inflation mantra is sounding pretty dated, which means that taper talk will dominate upcoming policy meetings. However, with 9.3 million unemployed and millions of persons potentially returning to the labour force, a hike in policy rates is probably still some time away if inflation remains somewhat in check

The U.S. Institute for Supply Management (ISM)_ manufacturing Purchasing Managers' Index (PMI) rose 0.5 pts to a 2-month high of 61.2. That was better than consensus, and though it did not quite erase April's setback, it is still the second highest reading in 17 years. Purchasing managers anticipate busier days ahead as the restrictions around the world continue to ease. **New orders** were up 2.7 points to 67.0, also a 2-month high or the second highest reading so far this year. **Production** slowed for the second straight month (but remains elevated at 58.5) as manufacturers could only do so much with their current state. There are still plenty of supply shortages, and judging by the comments, the shortages were evident in slower deliveries. Supplier delivery delays rose 3.8 pts to 78.8, the highest since April 1974. Inventories are growing again, after contracting temporarily in the prior month.

UK economy - The Organisation for Economic Co-operation and Development (OECD) says the UK is likely to grow 7.2% in 2021, up from its March projection of 5.1%. The OECD raised its forecast for global growth to 5.8%, compared with the 4.2% it predicted in December.

Australia - S&P affirmed Australia's AAA rating while raising the outlook to stable from negative.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 1.41% and the U.K.'s 2 year/10 year treasury spread is .72%. 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 2.99%. 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 we consider a more normal range of 4-7 months.

The VIX (volatility index) is 17.06 which by its characteristics will remain volatile. We believe a VIX level below 25, could be encouraging for quality equities.

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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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