NEWS HIGHLIGHTS

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

AUGUST 4, 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 ("Ares Management") – reported its financial results for its second quarter ended June 30, 2021, which included Generally Accepted Accounting Principles (GAAP) net income of US$141.6 million, while on a basic basis, net income per share of Class A and non-voting common stock was $0.70. On a diluted basis, net income per share was $0.69. After-tax realized income, net of Series A preferred stock dividends, was $192.1 or $0.64 per shares. Fee related earnings was $146.9 million. "Our uniquely positioned and differentiated business model delivered record results across nearly every financial metric for the second quarter, including quarterly records for fee related earnings, capital raising and fund appreciation," said Michael Arougheti, Chief Executive Officer and President of Ares Management. "During the second quarter, we raised over $20 billion of capital which supported strong growth in our assets under management to a record $248 billion, up 56% on a year-over-year basis." "The second quarter is not only our 17th consecutive quarter of sequential quarter fee related earnings growth, but also reflects exceptional financial results with fee related earnings and realized income increasing 52% and 80%, respectively, year-over-year," said Michael McFerran, Chief Operating Officer and Chief Financial Officer of Ares Management. "The second quarter also demonstrated the continued benefits of our operational scale with our fee related earnings margin expanding from 35% to approximately 39% over the past four quarters."

Brookfield Asset Management Inc. – Clarios International ("Clarios"), a car battery maker owned by Brookfield Asset Management Inc., delayed its initial public offering (IPO) due to market volatility. The company, which aimed to raise up to US$1.85 billion in its IPO, said it would reassess the market conditions in the coming months. "While we are looking forward to taking Clarios public … we have elected to defer the IPO given current market conditions," the company said in a statement. Brookfield bought Clarios in 2019 for $13.2 billion including debt from Johnson Controls International, a maker of digital solutions for buildings, in one of the biggest deals clinched by the asset manager. Clarios makes products that are used in more than 140 countries, with a third of cars on the road globally using its batteries. It is also backed by one of Canada's biggest state pension investors, Caisse de dépôt et placement du Québec.

Danaher Corporation – An ongoing strategic growth plan from Cytiva Company ("Cytiva") and Pall Corporation, part of the Danaher Corporation, will expand manufacturing capacity and services across geographies for global life sciences customers. The investment, already underway, includes new sites, expansion at existing factories, which are in addition to the previously announced investments. It follows five acquisitions made by the companies so far this year. Emmanuel Ligner, Danaher Group Executive, says: "Our customers tell us they need access to manufacturing agility, a robust global supply chain and more regional options. This investment further fuels our expansion program so we can rapidly meet the current and future needs of our customers and ultimately, their patients." Cytiva and Pall Corporation's capacity expansion will increase the manufacture of key products used to make biologic medicines. The companies are investing US$600+ million in chromatography resins – media for analyzing or purifying biomolecules – establishing a new manufacturing site in the U.S., $400+ million in cell culture media – in liquid or powder form, used to grow and cultivate cells before they are purified, in the United States, United Kingdom, and Austria, $300+ million in single-use technologies – including bioreactor bags for growing cells used to make personalized medicines and syringe filters for scientific research, in the United States and the United

Kingdom, as well as fitting out a new facility in Cardiff, Wales, and $200+ million for continuing expansion work in Cytiva and Pall Corporation's sites across China and the rest of the Asia-Pacific region, Europe, and the United States.

Stryker Corporation ("Stryker") – reported second quarter 2021 operating results, which included a net sales increase by 55.4% from 2020 and 17.6% from 2019 to US$4.3 billion, organic net sales increased by 42.9% from 2020 and 9.3% from 2019, reported operating income margin of 17.0%, adjusted operating income margin of 25.9%, reported EPS of $1.55 and adjusted EPS of $2.25. "We delivered strong financial results in the second quarter," said Kevin Lobo, Chair and Chief Executive Officer. "Business momentum continues to build as the pandemic moderates and the integration of Wright Medical is pacing ahead of plan. Our positive outlook is reflected in our raised guidance." Orthopaedics net sales of $1.6 billion increased 82.3% in the quarter and 77.9% in constant currency from 2020. From 2019 Orthopaedics net sales increased 27.8% in the quarter and 26.0% in constant currency. MedSurg net sales of $1.7 billion increased 32.3% in the quarter and 29.7% in constant currency from 2020. From 2019 MedSurg net sales increased 9.4% in the quarter and 8.3% in constant currency. Neurotechnology and Spine net sales of $0.9 billion increased 66.9% in the quarter and 62.4% in constant currency from 2020. From 2019 Neurotechnology and Spine net sales increased 18.0% in the quarter and 16.0% in constant currency. The company now expects 2021 organic net sales growth to be in the range of 9% to 10% from 2019, and adjusted net earnings per diluted share to be in the range of $9.25 to $9.40, including the full year impact of the acquisition of Wright Medical Technology Canada Ltd. Consistent with the pricing environment experienced in both 2019 and 2020, Stryker expects continued unfavorable price reductions of approximately 1% in 2021. This guidance assumes an ongoing recovery in the company's key geographies leading to more normalized elective procedure levels continuing into the second half of 2021.

SoftBank Group Corporation ("SoftBank") –has quietly built a US$5 billion stake in Roche Holding AG ("Roche"), placing a bet on the pharmaceutical company's strategy of using data to develop drugs, according to people familiar with the matter. Roche's sales have recently been boosted by its COVID-19 testing business as the company's diagnostics unit reacted swiftly to the coronavirus pandemic, but the pharmaceuticals division, where aging cancer medicines face increasing competition, has had a more difficult time.

Roche has a dual-class share structure with separate voting and non-voting shares. The founding families own 50.1% of the voting class, while cross-town rival Novartis AG holds one-third. It's unclear which types of shares SoftBank owns. SoftBank believes Roche's Genentech division, which focuses on data-based drug discovery and development, is highly undervalued, noted one of the people, all of whom asked not to be identified because the information is private. Roche last year hired Aviv Regev, a computational and systems biologist who was a core member of the Harvard University-affiliated Broad Institute, to lead the Genetech research unit. Regev's work shows how technology has transformed the way drugs are developed. As a computational and systems biologist, she pioneered methods for deciphering sequences of RNA, the chemical negative of DNA, in single cells. At the same time, she helped develop machine learning algorithms to aid scientists in understanding the avalanche of data found in the sequences. The move to Roche means being able to put her research into practice to develop better medicines, Regev explained in a podcast earlier this year. Roche is developing a new pill for COVID-19 and an Alzheimer's disease treatment. In June, the U.S. approved Biogen Inc.'s Alzheimer's drug Aduhelm, which was seen as a positive sign for the Roche medicine.

SoftBank - Online insurance marketplace Policybazaar has filed for an initial public offering that could raise as much as 60.18 billion rupees (US$809 million), joining a list of start-ups preparing to tap capital markets as India's digital economy booms. The owner of the SoftBank Group Corporation-backed start-up has submitted initial documents with the market regulator for what would be the third-largest Indian debut of 2021. It plans to raise up to 37.5 billion rupees via a sale of new shares, according to a public notice published Monday. Existing backers will seek to sell as much as 22.68 billion rupees worth of shares. They include the SoftBank Vision Fund Python II fund, which aims to sell 18.75 billion rupees of shares. Policybazaar parent PB Fintech Ltd. said it may also consider a 7.5 billion rupee pre-IPO placement of stock. Policybazaar, also backed by Tiger Global Management and Tencent Holdings Ltd., was founded in 2008 to tap the large population of under-insured in a country of 1.3 billion people. Policybazaar, based in Gurgaon outside of Delhi, allows users to compare prices and features of life, health, auto, travel and property insurance policies from dozens of providers. Customers side-step conventional agents or middlemen, who typically tout policies based on incentives. Its customer service representatives help buyers submit claims, redeem paybacks and amend policies.

Facebook reported Q2 results on Wednesday July 28. Earnings per share were US$3.61 per share, adjusted, versus US$3.03 expected by analysts. Revenue was $29.08 billion, versus consensus estimate of $27.89 billion. Daily active users (DAUs): 1.91 billion, versus 1.91 billion as expected. Monthly active users (MAUs): 2.90 billion, versus 2.91 billion as expected. Average revenue per user (ARPU): $10.12, versus $9.66 as expected by analysts. Facebook's revenue grew by 56% year over year in the second quarter which was the fastest growth since 2016, accelerating from a 48% increase in the prior quarter. The company pointed to a 47% rise in average price per ad, along with a 6% increase in the number of ads it delivered. Revenue from Facebook's other segment, including consumer hardware such as Oculus virtual reality headsets, totaled $497 million, up 36% but less than the $685.5 million consensus estimate. The company's free cash flow of $8.51 billion fell short of the $9.08 billion consensus. With respect to guidance for the second half of the year, Facebook said it expects year-over-year total revenue growth rates to decelerate significantly on a sequential basis as we lap periods of increasingly strong growth which is effectively unchanged from Facebook's guidance three months earlier. Analysts expected $28.22 billion in revenue for the third quarter, which implies 31% growth. Facebook said in the second quarter it had 3.51 billion monthly users across its family of apps, up from 3.45 billion in the first quarter. This metric is used to measure Facebook's total user base across its main app, Instagram, Messenger and WhatsApp. In the United States and Canada, where Facebook generates more average revenue per user than in other regions, the company reported 195 million daily active users, the same as in the first quarter. In Europe the count declined sequentially to 307 million from 309 million in the first quarter. During a conference call with analysts, CEO Mark Zuckerberg talked about the company's goal to help develop the metaverse as Facebook announced earlier the formation of a team that would work on the metaverse. Facebook said in Wednesday's statement that it still expects increased ad targeting headwinds in 2021 from regulatory and platform changes, notably the recent iOS updates.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

The Clorox Company ("Clorox") reported fourth quarter 2021 Adjusted EPS of US$0.95 which compares to Consensus US$1.32. Advertising spend in line with our estimates despite the sales & profit shortfall. Organic Sales growth in all segments below estimates: Cleaning -16.8%; Household -8.5%; Lifestyle -2.7%; International -0.8%. Operating margins down to 9.3% of sales and well below the prior 12.9% trough in December 2008. Guidance : Fiscal Year 2022 Adjusted EPS of $5.40-5.70 (21-26% decrease Year over Year) excluding the strategic investment in digital capabilities and productivity enhancements; Net & Organic sales down 2-6% and; Gross margins down 300-400 basis points

Fresenius Medical Care reported second quarter 2021 revenues of €4.32 billion, a decline of 5% year-over-year compared to second quarter 2020 revenues of €4.56 billion. Negative exchange rate effects outweighed constant currency growth of 2% year-over-year and organic growth of 1% year-over-year. Operating income declined by 34% to €430 million from €656 million (reduction of 29% in constant currency), resulting in a decline in the operating margin from 14.4% to 10.0%. Similarly, net income declined by 37% to €223 million from €351 million (reduction of 31% in constant currency). Fresenius Medical Care is continuing to feel the effect on operating income from a decline in patients resulting from COVID-19 related mortalities in excess of historical levels, along with cost pressures related to COVID-19, and cost pressures related to rising wages and supplies costs. The company has begun to experience a return to baseline of expected mortalities, from 3,700 in Q4 2020 to 1,500 in Q2 2021, as more of their patient base becomes vaccinated, especially in parts of the world where the vaccine rollout has been slow. Currently, roughly 70% of Fresenius Medical Care's patient base is vaccinated, and the company is making efforts to encourage more patients to become vaccinated through patient education. Management reaffirmed their guidance from earlier this year, of revenues growing at low- to mid-single digits and net income declining at high-teens to mid-twenties. Once again, the net income guidance comes from an expectation of continued revenue and cost pressures from COVID-19, along with higher labour and supplies costs.

Fresenius SE & CO ("Fresenius") reported second quarter 2021 revenues of €9.25 billion, an increase of 4% year-over-year (8% constant currency) compared to second quarter 2020 revenues of €8.92 billion. Operating income declined by 8% (-4% constant currency) to €1.03 billion from €1.12 billion, resulting in a decline in the operating margin from 12.6% to 11.1%. The decline in operating margin was primarily attributable to COVID-19 impacts at Fresenius Medical Care. Net income increased by 16% (20% constant currency) to €474 million from €410 million, resulting from an improvement in net interest due to refinancing activities, a slight reduction in the tax rate, and performance in Helios Spain and Kabi's emerging markets. Fresenius Kabi grew by 5% (8% constant currency), buoyed by the recovery in emerging markets and COVID-19 needs, along with a lower base, but offset by currency effects and a reduction in North America from reduced elective treatments resulting in competitive pressures. Fresenius Kabi is expected to grow low-to-mid single-digits for the fiscal year 2021, facing price cuts in China. Fresenius Helios grew by 18% (19% constant currency), resulting from acquisitions, including fertility business Eugin, contributing 5%, but primarily from Helios Spain experiencing a surge of treatments and services in Latin America. Fresenius Helios is expected to grow mid-single-digit for the fiscal year 2021. Fresenius revenue is forecasted to grow low-to-mid single digit and net income is forecasted to grow low single-digit, a boost from the prior guidance of broadly stable net income.

GlaxoSmithKline ("GSK") reported second quarter 2021 results above consensus. Revenues – £8.10B (+15%; ex-COVID-19 solutions +10% and stripping price and stocking reversal +3%) versus consensus £7.56B; Pharma +12% (5% ex-price and stocking reversal), Vaccines +49% (24%, ex pandemic adjuvant). Consumer ex divestments 7% versus prior year. EPS – 28.1p (+71%; ex-COVID-19 solutions 51%) versus consensus of 19.9 points. Pharma – Revenues £4.23B (versus consensus £4.05B); operating margin 29.3%, +7%. Vaccines – Revenues £1.57B (versus consensus £1.19B); operating margin 32.7%, +11% CER. Pandemic adjuvant £258M, contracted sales to U.S and Canada and representing 2/3 to total, with the remainder to be delivered in second half of 2021. Consumer – Revenues £2.29B (versus consensus £2.32B); operating margin 21.7, +0.5%. GSK Confirmed Fiscal Year 2021 sales and EPS guidance, with an indication that it could land at the 'better end' of the prior range.

McDonald's Corporation ("McDonald's"): second quarter Results – U.S. Same Store sales were up +26% in the second quarter (versus forecast of +24%), as two-year trends accelerated +120 basis points versus first quarter (guidance had called for a similar two-year trend versus first quarter). International-operated comps strengthened significantly (second quarter comp of +75% - versus forecast of +64% - accelerated +830 basis points sequentially on two-year basis), with two-year comps returning to pre-COVID-19 levels ahead of schedule (management had not expected until the second half). Consolidated adjusted operating margins of 44% increased +60 basis points versus second quarter 2019 (versus a +20bps two-year increase in the first quarter) and beat forecast of 41.7%. Adjusted EPS of US$2.37 beat consensus of US$2.11. McDonald's second quarter U.S. comps were up +15% on a two-year basis, including double-digit two-year comps across all dayparts. U.S. compass benefitted from elevated average check, which held strong despite improving mobility trends in the quarter. Looking forward, the company expects some moderation in U.S. comps on a two-year basis, though two-year comps should remain in the double-digit range (versus FC of +11.5% in second half). U.S. company-operated restaurant margins of 21.5% were up +520bps versus 2019, as strong average check continues to support strong margins. Labor has remained tight, though applications did improve somewhat in states where Federal stimulus rolled off and is having some impact on service times. Looking forward, the company expects inflation, wage growth and moderation in average check to put some pressure on restaurant margins. The company has been successful in passing through labor/commodity inflation to date (+6% LTM menu price increases), but mentioned that continued inflation in 2022 could be more difficult to manage. MyMcDonald's Rewards, the company's new loyalty program, is off to a promising start with 12 million new members pre-national advertising. The company has seen early upticks in digital guest counts and signs of shorter purchase cycles as a result, but also sees an initial 10 second negative hit to service times (which fades back to neutral over a month or two). International operated markets recovered faster than expected, as two-year comps of +3% reached pre-COVID-19 levels ahead of plan. The company noted strong pent-up demand in Western European markets as lockdown eased and dining rooms reopened. Strong reopening momentum is expected to continue as long as lockdowns don't re-emerge. McDonald's raised its expectation for system-wide sales growth to mid-to-high teens in 2021, versus prior guide of mid-teens (implies +9-10% two-year growth in second half versus +12% in the second quarter). Guidance for General and administrative (2.4% of system wide sales) and Earnings Before Interest and Taxes margins (low-to-mid 40% range) was unchanged.

PepsiCo. ("Pepsi") announced that it is selling a controlling stake in its juice business to private equity firm PAI. The transaction is expected to be roughly 10 cents dilutive as there will be some stranded costs (4 cents) following the divestiture. The deal implies an Enterprise Value of US$4-4.5 billion and 12-13x multiple or $300-350 million in Amortization EBITDA. Pepsi will retain a 39% stake in the joint venture with PAI and the juice business results will no longer be reported in the profit and loss and will instead appear in joint venture income. The juice segment typically operates with high-single digit earnings before interest and taxes ("EBIT") margins and profitability is significantly impacted by changes in commodity costs. From a geographic standpoint, 80% of the revenue is coming from North America and 20% is in Europe. Margins are higher in North America where the business has more scale. While the deal is expected to yield pre-tax cash proceeds of $3.3 billion it appears that Pepsi will use the funds to pay down debt versus repurchase shares. The deal is expected to close in fourth quarter 2021 or early 2022 when the board will again review its capital allocation strategy (guiding to no additional share repurchases this year).

Red Eléctrica de España ("Red Electrica") reported H1 2021 net profit at €358 million, in line with Bloomberg consensus forecast of €358 million. Unlike other fully regulated names like Enagas or Italgas, there was no positive surprise of Red Electrica beating consensus opex estimates in the second quarter. First half of 2021 revenues came at €976 million in line with Bloomberg consensus. First half of 2021 EBITDA came at €771 million or in line with Bloomberg consensus (€767 million). EBITDA was down due to the decline in allowed WACC in Spanish transmission activities, while telecom activities contributed with €121 million EBITDA, in line with forecasts and 16% of group's EBITDA. First half of 2021 EBIT came at €528 million or 1% above Bloomberg consensus (€524 million).

Visa, Inc. ("Visa") reported fiscal third quarter 2021 adjusted EPS of US$1.49 better than consensus at US$1.34. Net revenue of $6.13million came in well above the consensus estimate of $5.86 million. Card Services and Data Processing Fees came in ahead of expectations by approximately 4% and 1%, respectively. International Transaction Fees was below estimates given slightly slower currency exchange-border volumes excluding Intra-Europe. Lastly, Volume & Support Incentives helped drive the net revenue beat. Total adj. Operating expenses came in below the guide of mid-teens year-over-year growth (+12% in the fiscal third quarter). Importantly, Visa repurchased 9.5 million shares totaling $2.2 billion in the fiscal third quarter (versus 8.3 million shares for $1.7 billion in fiscal second quarter). Based on July trends versus 2019, Visa expects fiscal fourth quarter net revenue growth in-line with fiscal third quarter (net revenues in-line with fiscal third quarter relative to 2019); 2) client incentives as a % of gross revenues to be sequentially higher by 50-100 basis points versus fiscal third quarter due delayed renewals pushed to fiscal fourth quarter and typical end of fiscal year deal closing; 3) OpEx expected to grow in the mid-teens in fiscal fourth quarter which includes planned expenses pushed from fiscal third quarter; 4) non-operating expenses in fiscal fourth quarter of $125 million; and 5) tax rate expectation of 19%-19.5% for fiscal fourth quarter.

LIFE SCIENCES

Telix Pharmaceuticals – announced that it has received authorization from the Belgian Agence Fédérale de Contrôle Nucléaire (AFCN) to decommission the first of two cyclotrons housed at the Company's licensed radiopharmaceutical production facility in Seneffe, Belgium. The authorization means that the AFCN has accepted Telix's decommissioning dossier, submitted with the support of SCK-CEN (the Belgian Nuclear Research Centre), and is satisfied that safety and operational requirements will be met. Telix Seneffe General Manager, Sébastien Linard stated, "This authorization represents a significant milestone for Telix as it enables the build-out of a state-of-the art radiopharmaceutical production facility that will ultimately serve as Telix's primary EU manufacturing site. This outcome is also positive for the Wallonia region as Telix's production footprint will create local employment and partnership opportunities, further contributing to Belgium's impressive radiopharmaceutical ecosystem. We would like to thank our collaborator SCK-CEN and our radioprotection advisor Be.Sure ASBL for their support in developing the dossier for AFCN submission."

ECONOMIC CONDITIONS

Canada's real growth domestic product declined in May, losing 0.3% month over month, a result in line with the -0.3% print expected by consensus. This was the second consecutive monthly decline for this indicator, and it leaves total output down 1.5% from its pre-pandemic level. The prior print of April was downwardly revised from -0.3% to -0.5%. Production fell in 12 of the 20 industrial sectors covered. Goods sector output contracted 0.4% on declines for construction (-2.3%) and manufacturing (-0.8%). The mining/quarrying/oil & gas extraction sector, on the other hand, surged 2.0%. Industrial production rose 0.2%. Services-producing industries for their part also pulled back and experienced a 0.2% decrease in output with the steepest regressions occurring in retail trade (-2.7%), arts/entertainment/recreation (-2.5%) and accommodation/food services (-2.4%). These retrenchments were only partially offset by increases for educational services (+2.0%) and healthcare (+0.6%). Statistics Canada's preliminary estimate for June showed real Growth Domestic Product progressing 0.7% month over month.

Canada's consumer price index rose 0.3% in June (not seasonally adjusted), one tick below consensus expectations. This is in contrast to the U.S. where inflation has been outpacing consensus for the past few months. In seasonally adjusted terms, headline prices edged up 0.1% on gains for 4 of the 8 categories. The rise in shelter (+0.7%), health/personal care (+0.2%), recreation (+0.2%) and alcohol/tobacco (+0.2%) were just enough to offset declines in clothing/footwear (-0.4%), transportation (-0.2%) and food (-0.1%) while household operations were flat. Year-over-year, headline inflation clocked in at 3.1%, down from 3.6% in May which was the strongest print since 2011. On a provincial basis, the headline annual inflation rate was above the national average in Quebec (+3.7%), Ontario (+3.2%) while it undershot that mark in Alberta (+2.7%) and British Columbia (+2.4%). Inflation remains quite strong across the Maritime provinces. On a 12-month basis, core inflation measures were as follow: 1.7% for CPI-common (versus 1.8% the prior month), 2.6% for CPI-trim (versus 2.6%) and 2.4% for CPI-median (versus 2.3%). The average of the three measures rose remained at 2.2%, the highest since May 2009. While some may point to this latest report as an example that recent inflationary pressures are a transitory phenomenon we maintain our view that inflation should be somewhat sticky in the medium-term. With most industries essentially reopened across the nation and the continuance of extraordinary income support programs, businesses are reporting labour shortages and are having to raise wages to attract talent. Also noteworthy, households have accumulated a sizable 10% of GDP in excess savings in the last 5 quarters which could lead to a spending bonanza while supply constraints are still at play. In the long-term, we continue to see this cycle as much more conducive to above-target inflation. Both monetary and fiscal policy are expected to stay very stimulative for some time and protectionism/deglobalization as well as the ecological transition are suggesting a regime change for inflation. In summary, we are still seeing underlying inflation in the upper band of the central bank target range in 2021 and 2022. (source National Bank)

U.S. second quarter GDP growth. The economy reportedly expanded an annualized 6.5% in the quarter, which was less than the +8.4% print expected by consensus. The disappointment was in part due to another significant decline in inventories. Coming in the footsteps of three solid expansions in first quarter 2021 (+6.3%), fourth quarter 2020 (+4.5%) and third quarter 2020 (+33.8%), this gain nonetheless hoisted economic output 0.5% above of its pre-crisis level. Domestic demand remained strong in the quarter with non-residential investment (+8.0% quarter-over-quarter annualized) and consumption (+11.8%) expanding at a healthy clip. For the first time since onset of the pandemic, consumption on services (+12.0% quarter-over-quarter annualized) expanded at a faster clip than consumption on goods (+11.6%), attributed to the progressive removal of social distancing measures imposed to curb the spread of the coronavirus. However, service consumption remained 4.2% below its pre-crisis level, while spending on goods was 17.0% above this mark. Residential investment (-9.8% quarter over quarter annualized) and government expenditures (-1.5%), meanwhile, contracted after posting strong results inthe first quarter. Trade also weighed on growth as imports (+7.8% q/q annualized) expanded at a faster pace than exports (+6.0%). The rapid depletion of inventories also acted as brake on growth. Year-over-year, real GDP was up 12.2%.

U.S. durable goods orders rose 0.8% in June, less than expected but following a big upwardly-revised 3.2% advance in May and marking the 13th increase in the past 14 months. Most industry groups reported gains, including machinery, primary metals, aircraft, and communications gear, although autos reversed a bit due to well-known issues. Non-defense capital goods orders rose an expected 0.5% after an upwardly-revised similar-sized gain in May, taking the quarterly rate to 18.1% annualized. Shipments of durable goods jumped 1.0% in the month, extending an upward trend, and non-defense capital goods shot 1.9% higher, taking the quarterly rate to 15.8% annualized. Inventories also sprinted 0.9% higher for a second straight month, suggesting production might be overcoming supply shortages.

Australia headline Consumer Price Index printed at 0.8% quarter-over-quarter (market 0.7%) to be 3.8% year-over-year. This is above the Reserve Bank of Australia's forecast of 3.5% year over year but was close to the market forecast of 3.7% year over year. Driving the headline quarter over quarter print was fuel +6.5%, hospital services +2.4% and electricity prices +3.3% with the annual print heavily influenced with the unwinding of the Federal Government's free childcare package implemented in the June quarter last year. On the other hand, lower prices of new dwellings (-0.1% quarter over quarter) continued to weigh on the headline Consumer Price Index due to the Homebuilder Grant however we believe that the dampening effect is likely to diminish in the quarters ahead.

FINANCIAL CONDITIONS

U.S. Federal Reserve Open Markets Committee as expected, in a unanimous vote, left the target range for the federal funds rate unchanged at 0% to 0.25% at the conclusion of its two-day meeting. Crucially, the central bank tweaked its guidance on asset purchases, mentioning that "further progress" had been made towards the Fed's maximum employment and price stability goals. Although the statement mentioned that the committee will continue to assess progress in the coming months, the new phrasing suggests an announcement on tapering could be imminent. Until then, the Federal Reserve reiterated its commitment to increase its holdings of Treasury securities by at least US$80 billion per month and of agency mortgage backed securities by at least $40 billion per month. We believe that the fact that the Delta variant was not mentioned in the statement gave the impression that the Federal Reserve was not overly worried about its potential impacts on the economy. Our view is that the Delta variant will not significantly alter the growth trajectory in the U.S. Although an increase in cases seems inevitable, the fact that a good part of the population has been vaccinated will limit the number of hospitalizations, something which should allow authorities to keep the economy open.

The Reserve Bank of Australia surprised many when they decided not to reverse the taper of bond purchases, retaining weekly purchases at A$4 billion from September to November. The Bank did not provide a timeline for when the lockdowns are to end, but essentially it expects the re-opening to have been pushed out from early 2022 to mid-2022. The Bank provided a window into its forecasts. While it refrained from providing any forecasts for 2021, it did lift its gross domestic product ("GDP") forecast for 2022 from 3.5% to 4% and pushed its unemployment forecast lower from 4.5% to 4.25% for 2022. For now the Bank has stuck to its guns.

The U.S. 2 year/10 year treasury spread is now 1.00% and the U.K.'s 2 year/10 year treasury spread is 0.45%. 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 could be an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 2.8%. 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 18.32 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 which is encouraging for quality equities.

And Finally: "The only way to keep your health is to eat what you don't want, drink what you don't like, and do what you'd rather not." ~Mark Twain

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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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