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NEWS HIGHLIGHTS

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

NOVEMBER 1, 2021

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

SoftBank Group Corp. ("SoftBank") - The market for initial public offerings (IPOs) is once again supplying SoftBank with the means to borrow billions of dollars on behalf of its first SoftBank Vision Fund, which arranged two margin loans last month, according to regulatory filings. One is backed by almost all of its US$15 billion stake in South Korean e-commerce giant Coupang Inc., and the other by an undisclosed number of shares from its $8.8 billion investment in online food-delivery service DoorDash Inc. The loans will help fund distributions to investors, including sovereign wealth funds from Saudi Arabia and Abu Dhabi, and Son's Tokyo-based SoftBank Group Corp., according to people with knowledge of the matter. The Vision Fund and its successor, SoftBank Vision Fund II, have distributed out $29.1 billion since inception, including $6.7 billion in the second quarter, according to company marketing materials. The fund deployed a similar strategy in 2019, when it arranged to borrow roughly $4 billion by pledging stakes in two Silicon Valley companies that had recently gone public or were about to do so, including Uber Technologies Inc. It's much easier to borrow against liquid assets. The Vision Fund is also pledging its entire stake in Auto1 Group SE, a Berlin-based online platform for buying and selling used cars, filings show. The debt allows the Vision Fund to bolster its quarterly payout without having to sell Coupang stock, which has tumbled about 15% since the firm's IPO in March 2021. Borrowing against startup shares rather than selling them also allows SoftBank to avoid paying capital-gains taxes and to continue benefitting from any future appreciation in the stock, an approach that worked well with SoftBank's stake in Alibaba Group Holding Ltd ("Alibaba"). Shares of Alibaba climbed steadily for years after the Chinese e-commerce giant went public in 2014, allowing SoftBank to use its stake as collateral for about $10 billion of low-cost loans. The Vision Fund could use the borrowings to retire the preferred stock that it initially issued to raise money from the Saudi Public Investment Fund and Abu Dhabi's Mubadala Investment Co.

SoftBank - Indian digital payments company, Paytm, is seeking a valuation of about US$20 billion when it opens its initial public offering next month, according to people familiar with the matter. The float, which would be the country's biggest IPO, will be priced in a band of 2,080 to 2,150, according to insiders. Paytm aims to raise as much as 183 billion rupees (US$2.4 billion) from the sale, some 10% more than its earlier target, according to its prospectus. Ant Group Co. Ltd.'s Antfin (Netherlands) Holding BV is selling 47 billion rupees of shares, SoftBank's SVF Panther (Cayman) Ltd. is selling 16.89 billion rupees worth and Alibaba.com Singapore ECommerce Pvt. is selling shares worth 7.85 billion rupees, the filing shows. The primary issue size will remain at 83 billion rupees. Subscription runs November 8th to November10th of 2021, with the shares expected to start trading on or around November 18th. Paytm had been seeking a valuation of above $20 billion based on initial investor feedback, while advisors on the deal recommended a lower pricing. Formally called One97 Communications Ltd., Paytm, was founded in 2010 by Vijay Shekhar Sharma. Four years later, it moved into digital payments. Recently, it has focused on ramping up revenue and expanding into banking, credit cards, wealth management and all kinds of services ranging from selling digital gold, insurance and movie tickets. Paytm has built the biggest share of India's merchant payments market by fending off stiff competition from a swath of global players including Walmart owned PhonePe, Alphabet's Google Pay, Amazon Pay as well as Facebook's WhatsApp Pay.

Reliance Industries Limited ("Reliance") – On October 29, 2021, Jio Platforms and Google announced that the much-anticipated JioPhone Next, the made-for-India smartphone jointly designed by the two companies, will be available in stores from Diwali. The JioPhone Next will have an entry price of ₹1,999 (US$27) and the rest paid via service plans over 18 or 24 months. A unique financing option is being introduced for the first time for a device in this category, making it accessible for a wider set of consumers. With features that are new for phones in this category, JioPhone Next will be available across the country at Reliance Retail's network of JioMart Digital retail locations. Being the first time that a phone in the entry-level category is getting a financing option makes the entry price affordable and almost equal to a feature phone price. JioMart Digital's network of more than 30,000 retail partners are ready to provide the JioPhone Next with paperless digital financing option, extending to the remotest corners of the country, making it geographically accessible to everyone.

Facebook Inc. ("Facebook") – Facebook is re-naming itself Meta Platforms Inc. ("Meta"), decoupling its corporate identity from the original social network and highlighting a shift to an emerging computing platform focused on virtual reality. The name change is the most definitive signal so far of the company's intention to stake its future on a new computing platform, the metaverse, an idea born in the imaginations of sci-fi novelists. In Meta's vision, people will congregate and communicate by entering virtual environments, whether they're talking with colleagues in a boardroom or hanging out with friends in far-flung corners of the world. The erstwhile Facebook is hoping to parlay its social-media user base, comprising more than three billion people globally, into an audience that will embrace immersive digital experiences through devices powered by augmented and virtual reality software, a business already being aggressively pursued by Meta and its rivals. Adoption of virtual reality gadgets has so far been minimal and their use mostly relegated to games and other niche applications. While achieving the broader vision of the metaverse is still years away, last week Meta announced a handful of product updates meant to advance that goal. The name change follows Meta's disclosure last Monday that it will start breaking out financial results for the division known as Reality Labs, which includes the Oculus hardware division, next quarter. Meta wants to separate its main digital advertising business from its new investments in AR and VR to let investors see the costs and revenue associated with those efforts. Building out the metaverse will also allow Meta to reduce its dependency on mobile operating-system and browser makers such as Google and Apple Inc. to deliver services to consumers. Meta's third-quarter sales and the fourth-quarter forecast missed analysts' estimates in part because of Apple's new rules around the data apps like Facebook and Instagram can collect from iPhone users. The company seems increasingly aware that it doesn't own the foundations of the digital real estate most users occupy. Facebook's founder, Mark Zuckerberg, pledged that the metaverse will have privacy standards, parental controls and disclosures about data use that his social network has famously lacked. Andrew Bosworth, the long-time executive who has been overseeing Meta's AR and VR products since 2017, has been tapped to take over as chief technology officer in early 2022, a role that includes overseeing the company's development of the metaverse.

Ares Management Corporation ("Ares") – reported its financial results for its third quarter ended September 30, 2021, which included the Generally Accepted Accounting Principles (GAAP) net income of US$84.7 million. On a basic basis, net income per share of Class A and non-voting common stock was $0.49, while on a diluted basis, net income was $0.45. After-tax realized income was $192.9 million and $0.62 per share. Fee related earnings were $182.3 million for the quarter. "Our third quarter results demonstrate our continued strong performance across our key metrics with record levels of assets under management (AUM), management fees and fee related earnings, all of which grew more than 50% on a year over year basis," said Michael Arougheti, Chief Executive Officer and President of Ares. "We raised more than $20 billion in capital for the second straight quarter, bringing year to date fundraising to a new annual record of $51.6 billion as institutional and retail investors continue to seek the benefits of private market alternatives. We are also seeing strong demand for our perpetual capital strategies which increased more than 70% year over year and now accounts for $71 billion of our AUM." "Our third quarter marked our first full quarter of financial results for both our Landmark Partners and Black Creek Group acquisitions and we are already benefitting from their strong fund performance and synergies," said Jarrod Phillips, Chief Financial Officer of Ares. "Our strong fund performance has led to a new record level of net accrued performance income, up 127% over the past year."

Brookfield Asset Management Inc. ("Brookfield") – AusNet Services Ltd. ("AusNet") agreed to a AU$10.2 billion (US$7.66 billion) takeover offer from a consortium led by Canada's Brookfield Asset Management Inc., but added that rival bidder APA Group ("APA") was free to make a better counter-offer. Shares of the Australian energy infrastructure firm jumped as much as 5.7% to a record high of AU$2.61, with Brookfield's latest cash offer valuing AusNet at AU$2.65 a share, topping a more complex AU$2.60 per share bid by APA in late September. With the binding agreement, AusNet said it ended APA's due diligence access, but added the gas pipeline operator was looking at whether it could increase the cash component of its bid after it was told Brookfield may revise its own. "APA did not indicate that it would be able to offer a full cash alternative or the value level at which any improvement to its indicative proposal could be made," AusNet said in a statement. In response, APA said in a statement it still considered AusNet "highly attractive" but did not confirm if a new offer was forthcoming. While the agreement includes a provision to terminate their deal if a better offer emerges, AusNet said it also included an AU$101.7 million break fee. Brookfield's offer also has, reportedly, the backing of Singapore Power Group and its 32.74% AusNet stake. AusNet opened its books to APA after a government panel in October ordered an amendment to an exclusive agreement between it and Brookfield.

Scientific Games Corp – announced it would sell its global lottery business to Canadian investment company, Brookfield Asset Management Inc., for US$6.05 billion, in a move that will help it cut debt and pivot to a gaming and digital content provider. The Las Vegas-based slot machine maker has been trimming down its business after ratcheting up $8.2 billion in net debt as of June 30, 2021. Last month, it sold its sports betting division, OpenBet, to Endeavor Group Holdings Inc. for $1.2 billion in cash and stock. The deal with the flagship unit of Brookfield Asset Management Inc. will consist of about $5.83 billion in cash and an additional payment of up to $225 million based on meeting certain profitability targets in 2022 and 2023. Reuters had earlier reported that the company was in talks to potentially list the lottery business in Australia, but those plans would now be shelved because of the deal. Brookfield said the deal would be funded with about $2.6 billion in equity, of which 30% will be raised through existing funds and the rest from its institutional partners. The Scientific Games' business, which sells wholesale lottery system services in more than 50 countries, is expected to see a 14% rise in adjusted earnings before interest tax depreciation and amortization to $498 million in fiscal 2022.

Stryker Corporation – posted lower-than-expected third quarter profit and revenue, hurt by rise in cases due to the delta variant of the coronavirus that led to people deferring elective procedures. The company lowered its 2021 earnings forecast and now expects adjusted net earnings per diluted share to be in the range of US$9.08 to $9.15, below analysts estimates of $9.30.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Cincinnati Financial Corporation (CINF) reported Adjusted earnings per share (EPS) of US$1.28 versus Bloomberg consensus 93. The 56.1% underlying loss ratio was better than estimates of about 59% and improved 170 basis points year-over-year (versus an approximate of 130 basis points year-over-year improvement in the second quarter). The upside was widespread but driven by short-tail lines, including an approximate12 point beat in Commerical Property, an approximate 8 point beat in Home. In Commercial Auto, the underlying loss ratio of 63.7% beat the estimates of about 67%. In Personal Auto, the underlying loss ratio of 65.8% beat the estimates of about 66.6%. The Commercial Casualty underlying of 61.9% was 10 basis points better than estimates and Workers' Comp of 82.3% was in line.

The Coca-Cola Company had third quarter results of organic revenue growth of +14% (versus the forecast of +10.2%) and was up +7.2% on a two-year basis versus up +1.4% in second quarter. Organic revenue growth was ahead of expectations in all regions ex-APAC and North America organic revenue was up +13.0% versus forecast of +9.5%. Gross margins came in at 61.1% (versus forecast of 60.5%), which was up +20 basis points versus the third quarter of 2019 and +170 basis points versus the third quarter of 2020. Adjusted earnings before interest, tax, depreciation and amortization (EBITDA) was US$3.38 billion versus forecast of $3.18 billion implying incremental margins of 28% versus 36% in the second quarter. Adjusted earnings per share beat expectations at 65 versus forecast of 58. An asynchronous recovery is expected to continue in fourth quarter and there should be minimal commodity impacts due to hedges with marketing similar to 2019. Shipments are expected to level out in the fourth quarter. Fourth quarter will also have six fewer selling days. Guidance implies earning per share of 36-40 for fourth quarter versus forecast of 45 with guidance impacted primarily by six fewer selling days.

Colgate-Palmolive Company, reported third quarter of 2021, had a Core earnings per share (EPS) of US$0.81 which compares to consensus $0.80. Every division outside of Hill's & Latin America underperformed expectations by 1-2 points. Hill's organic sales +19% versus expected +14.5% driven by three points better pricing and 1.5 points better volume/mix. Total company volume/mix +1.5% with pricing roughly in line with expectations of +3% and Gross margins down -175 basis points. The 2021 Guidance was unchanged with Net Sales +4-7% and consensus +6.1%; Organic sales up +3-5%; EPS growth at the lower end of its mid to high-single digits year-over-year range and consensus +5%.

Microsoft Corporation reported its 2022 first quarter earnings that beat on both the top and bottom line driven by modest beats across all segments and 50% Azure Growth. Total revenue was US$45.32 billion (22% year-over-year) versus consensus estimate of $43.93 billion (18% year-over-year) and 3.6% ahead of the guidance. Profits beat guidance by 2.8% at $15.04 billion versus consensus of $14.67 billion. The all-important Azure growth number came in at 50% versus the consensus expectation of high 40%'s growth. On the profitability side costs of goods sold (COGS) came in $13.65 billion slightly below the guidance of $13.79 billion and resulted in a gross margin of 69.9% versus consensus expectation of 69.1%. Operating Expenses was 1.9% below the guidance resulting in an operation margin of 44.7% versus the consensus 42.4% estimate. Sales and Marketing was exceptionally low at 10% of total revenue compared to the historical average of approximately 13%. We believe this indicates hiring in the quarter was below expectations and we could see elevated levels in the back half of the year. Earnings per share (EPS) beat handily due to a much lower than expected tax expense coming in at $2.71, compared to the expectation of $2.08. Excluding the positive tax impact EPS would have been $2.28 (assuming an approximately 16% tax rate). Commercial bookings grew 11% year-over-year compared to 30% and 39% in the last two quarters, respectively.

Red Eléctrica de España ("Red Electrica Corporacion") reported nine month 2021 results as net profit at €551 million, which was a 2% beat to Bloomberg consensus of €539 million. The difference is mainly justified by lower tax rate at 22% (versus 24% estimated), due to a tax credit in telecom activities. The nine months earnings before interest, taxes, deprecation and amortization (EBITDA) was in line with expectations at €1,158 million (flat year-over-year) and earnings before interest and taxes (EBIT) at €792 million (versus forecast of €790 million). Net financing costs were slightly worse than expected which led to a profit before tax of €713 million, slightly below forecast of €715 million. Net debt was reported at €6 billion, in line with expectations.

Toronto-Dominion Bank ("TD"), as reported by The Globe & Mail, is giving all non-executive employees a one-time gift of five shares of the bank's stock. The stock awards, worth about C$449 at the latest price for TD shares, will go to most of the bank's 89,000 staff. Employees outside Canada, the United States and Britain will instead receive cash payments. This is the third set of bonuses the bank has handed out to reward staff for working in difficult conditions throughout the pandemic. TD gave staff in branches $1,000 bonuses in April, May and June last year, and all non-executive staff received $500 last fall. However, handing out shares is a new approach. Bharat Masrani, Chief Executive Officer, said one of the bank's principles is to "act like an owner," in a staff memo announcing the bonuses on Wednesday. "In recognition of your extraordinary efforts," he wrote, TD decided to give employees "the opportunity to become owners and participate in the longer-term performance of the bank."

Visa Inc. reported 2021 fourth quarter adjusted earnings per share (EPS) of US$1.62, better than consensus at $1.55. Net revenue of

$6,559 million (+29% year-over-year and +107% versus 2019) came in above consensus at $6,521 million (versus implied guide of 26% year-over-year growth). Card Services was in-line while Data Processing Fees came in 3% below while International Transaction Fees was approximately 2% better than estimates. Intra-Europe (+46% year-over-year). Other revenues were also strong coming in 14% higher than expected. Total adjusted operating expenses was also in-line with the guide of mid-teens year-over-year growth (+14.5% in fiscal fourth quarter), while lower taxes added an approximate5 benefit helping drive the EPS beat. Visa repurchased 13.2 million shares totaling $3.1 billion in the fiscal fourth quarter.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND

GlaxoSmithKline PLC had a 24% third quarter beat to the third quarter CORE earnings per share (EPS) and 3% fiscal year guidance raise. Vaccine expectations were lowered as expected, given lower Shingrix shingles vaccine sales for full year than were envisaged in guidance set early in fiscal year of 2021. For the 2021 third quarter, they reported Shingrix sales were stronger-than-expected, driven by higher in office sales, not captured by audit data, and by stocking. Overall pharma sales also benefitted by 3% on sales from rebate adjustments which helped the tail drugs. Here the usual high-single-digit decline was limited to only 4%. Costs were also well controlled, with 2021 fiscal year research and development (R&D) spending guidance lowered. Questions remain over the level of rebound of costs in the 2022 fiscal year as COVID restrictions ease, the degree of bounce back in Shingrix characterized by management as "sales deferred and not lost", and sustainability of COVID solutions earnings given these are likely to add c9p in our view versus prior expectations of 6 per share in the 2021 fiscal year. Sustained high margin pandemic adjuvant sales will depend on partner COVID vaccine trial results and the appetite of payers for new late entrants into the field. In our view, R&D productivity is still weak. We look to see progress here as well as action to reduce the EPS drag from >40% of established drugs declining at mid-high, single-digits.

Novartis AG had underlying net sales in line with consensus. Headline 2021 third quarter group net sales grew +5% with a good contribution from growth drivers Entresto (+3% versus consensus), Zolgensma (+12% versus consensus), Cosentyx (+6% versus consensus) and Kesimpta (+15% versus consensus). No headline products misses. Core Operating profit grew 9% to $4,467 million, 4% above consensus. This was driven by a 4% beat in Pharma core earnigns before interest and tax (EBIT), slightly offset by a 1% miss in Sandoz core EBIT. The EBIT growth was driven by higher sales and lower impairment charges, partially offset by higher marketing and sales, as well as research and development . Group guidance had group sales still expected to grow mid-single digit CER with mid-single digit core EBIT growth ahead of sales, however pharma profit guidance raised to high single digit (previously mid to high single digit), with Sandoz profit guidance lowered to decline mid to high teens (previously low to mid-teens decline). Guidance assumes a continuation of return to normal global healthcare systems, particularly oncology, in the second half of 2021, as well as no Gilenya or Sandostatin generics entering the U.S. in 2021. Novartis strategic review of Sandoz to maximize shareholder value. Update on progress of the review to be provided by the end of 2022 latest. This follows the planned separation of the business internally, to provide correct focus on costs etc. for a generics player. Unlike many other generics peers this contains significant biosimilar sales currently largely ex U.S.

BridgeBio Pharma, Inc. ("BridgeBio") – BridgeBio, a commercial-stage biopharmaceutical company focused on genetic diseases and cancers, announced two new academic collaborations with Columbia University and Mount Sinai (Icahn Mount Sinai) to translate cutting-edge research discoveries into potential therapies for patients with genetic diseases and genetically driven cancers. "Columbia University and Mount Sinai are known for bringing together some of the most talented scientists to develop breakthroughs for patients. By partnering with these world-class research institutions, we are hopeful that together we will be able to help patients in need," said Neil Kumar, Ph.D., BridgeBio founder and Chief Executive Officer. BridgeBio has initiated 25 collaborations with leading institutions around the world that are focused on providing therapeutic options to patients with unmet need as quickly and safely as possible. Collaborating with academic institutions to identify early discoveries is a core pillar of BridgeBio's efforts to reach patients more quickly. The goal of these collaborations is to revolutionize the relationships between drug development companies and biomedical research institutions by moving away from one-off interactions in favor of engaging and creative partnerships. More than two-thirds of BridgeBio's 30+ pipeline programs have come from partnerships with academic institutions and research centers. For example, BridgeBio's clinical trial of encaleret, which is being investigated for the treatment of autosomal dominant hypocalcemia type 1 (ADH1), has been enabled by a Cooperative Research and Development Agreement with the National Institute for Dental and Craniofacial Research at the National Institutes of Health. BridgeBio's investigational medicine, acoramidis, which is being developed for the treatment of transthyretin (TTR) amyloidosis (ATTR), originated in a lab at Stanford University. BridgeBio partnered with the Stanford researchers and advanced acoramidis from the lab to Phase 3 clinical development in less than three years. With a diverse pipeline encompassing investigational therapies in Mendelian diseases, precision cardiorenal, precision oncology and gene therapy, BridgeBio provides the insights and support needed to rapidly progress therapeutic research from labs to clinical development. BridgeBio intends to develop similar long-term partnerships based on trust, engagement, science and respect to support its mission of developing potentially life-changing medicines for patients with genetic diseases and cancers as quickly and safely as possible.

OncoBeta GmbH ("OncoBeta") – OncoBeta, a medical device company specialized in innovative epidermal radioisotope therapies for non-melanoma skin cancers (NMSCs), is pleased to announce the launch of its non-invasive skin cancer therapy Rhenium-SCT (Skin Cancer Therapy) in Austria. Austria represents an important milestone in the development of OncoBeta's growing global distribution network. The global incidence of non-melanoma skin cancers (NMSCs) continues to rise, with more than 7 million NMSC cases reported globally each year. Austria has been ranked as 15th in the incidence of non-melanoma skin cancer in the world. The Rhenium-SCT® is a painless, non-invasive procedure, providing unparalleled aesthetic results, even in cases otherwise considered difficult to treat. Rhenium-SCT® is an epidermal radioisotope therapy that is ideal for the targeted treatment of superficial skin cancers. It uses the localised and direct cell-killing effect of beta-radiation to trigger the death of cancer cells and local reactions of the immune system for the body to repair itself. On October 21, 2021, Professor Siroos Mirzaei and his clinical team from Clinic Ottakring, have applied the first Rhenium-SCT® therapy in Vienna. Head of the Department of Nuclear Medicine, Professor Mirzaei, says, "I've been working in the field of nuclear medicine for over 20 years. The non-invasive local treatment of non-melanoma skin cancer with Rhenium-188 is a great alternative treatment option we now have available for the first time in Austria. This treatment has been shown to improve patient outcomes and their quality of life. The treatment will be performed in tight cooperation with our Department of Dermatology." Shannon D. Brown III, OncoBeta® Chief Executive Officer, says, "With thousands of patients already treated with Rhenium-SCT® around the world, we are excited to now be offering our ground-breaking treatment to patients in Austria, as part of our commitment to improving the quality of life and treatment options for skin cancer sufferers worldwide." Rhenium-SCT® will be provided to patients in Austria by OncoBeta's distribution partner, DSD Pharma GmbH. OncoBeta's Rhenium-SCT® is currently available in Australia, South Africa, Italy, Germany, Switzerland and now Austria as part of its planned global roll-out.

POINT Biopharma Global Inc. ("POINT") – POINT Biopharma Global Inc., a company accelerating the discovery, development, and global access to life changing radiopharmaceuticals, and Kinectrics Inc. ("Kinectrics"), a leading service provider to the nuclear power and electricity industry, announced today a long-term supply agreement for Ytterbium-176 (Yb-176) to support POINT's in-house no-carrier added Lutetium-177 (n.c.a. Lu-177) production program. Radiopharmaceuticals that use modern medical isotopes like Lu-177 are much easier for patients to access, as they can be administered outside of hospitals without an overnight stay. The administrative burden on clinics can also be reduced by using n.c.a. Lu-177, which does not contain long-lived radioactive impurities present in other versions of Lu-177, which may require clinics to keep patients on-site longer and implement additional costly radiation safety measures. For these reasons, whenever POINT uses Lu-177 in a program, only n.c.a. Lu-177 is utilized. The input material for creating n.c.a. Lu-177 is Ytterbium-176 (Yb-176): a stable isotope precursor that is irradiated in nuclear reactors, producing Lu-177 through neutron activation. Currently, the production of all n.c.a. Lu-177 depends on a complex and very limited global supply chain. With this agreement with Kinectrics, POINT is laying the groundwork to access large quantities of highly enriched Yb-176, creating the world's first, stable North American supply of n.c.a. Lu-177, and thereby establishing POINT as a dependable provider of high-quality radiopharmaceuticals. "Ensuring a secure, redundant and consistent isotope supply is a cornerstone of POINT's radiopharmaceutical platform," said Dr. Joe McCann, Chief Executive Officer of POINT Biopharma. "Our integrated Lu-177 isotope supply chain is a rarity in the industry allowing us to advance our pipeline and positions us as a future leader in the commercial supply of these treatments. Kinectrics' deep experience in nuclear physics and engineering makes them an ideal partner to supply stable isotope precursor for our manufacturing processes." "Creating a North American supply of Yb-176 is critical to safeguard the supply-chain for Lu-177," said David Harris, Chief Executive Officer of Kinectrics Inc. "Following the creation of Isogen, our joint venture with Framatome that is focused on commercial isotope production at Bruce Power, we saw it fitting to expand our investments to include stable isotope enrichment. Kinectrics is uniquely positioned to apply our international capabilities in engineering, physics, and chemistry to develop state-of-the-art stable isotope enrichment technologies. This new investment will create a long-term, scalable solution, and we are excited to support POINT's rapid growth and strong pipeline of Lu-177 therapies, and to bring together the innovations of two great companies."

ECONOMIC CONDITIONS

Canada's real Gross Domestic Profit (GDP) increased in August 2021, rising 0.4% month-over-month, worse than the +0.7% print expected by consensus. This monthly increase brings total output to 1.4% of its pre-pandemic level. The prior print of July was unrevised at -0.1%. Production rose in 15 of the 20 industrial sectors covered. Goods sector output contracted 0.1% mainly on declines for agriculture (-5.7%). The mining/quarrying/oil & gas extraction sector and construction were flat while utilities (+1.5%) and manufacturing (+0.5%) posted gains. Industrial production rose 0.5%. Services-producing industries fared better for their part and experienced a 0.6% increase in output with the most important progressions occurring in accommodation/food services (7.0%), retail trade (1.8%) and transportation (1.2%). These expansions were only partially offset by decreases for management of companies (-1.8%) and public administration (-0.6%). Statistics Canada's preliminary estimate for September showed a flat print for real GDP.

U.S. economy - Real GDP slowed more than expected to an annual rate of 2.0% in third quarter, down from 6.7% in second quarter and marking the weakest quarter since the shutdowns. However, we believe it is set to re-accelerate in the current period. In third quarter, the delta variant of COVID slammed confidence, delayed travel plans, and led to some new restrictions. Port logjams worsened, while chip shortages slashed auto production, leaving even fewer vehicles available to purchase. Government income support faded. Consequently, consumer spending growth slowed sharply to 1.6% from second quarter's 12.0% rebates-led increase. While spending on services rose (albeit at a slower rate than in second quarter), demand for goods shrank, reflecting less pent-up needs and supply shortages (notably for autos). A record trade deficit also slowed growth to the tune of 1.1 percentage points, as goods exports fell on weaker global demand, supply-chain disruptions, and jammed ports. Imports rose, reflecting a big jump in services (i.e., travel abroad). Residential construction unexpectedly fell, though it looks to turn higher in fourth quarter given the recent housing market revival. Federal government spending also fell sharply, with some offset from increased spending at the state/local level that is benefitting from earlier federal measures to increase funding.

Despite the setback in the second quarter, the economy is now 1.4% larger than before the pandemic. Inventory rebuilding will provide further support once pent-up supply and production are released, though this awaits an ebbing in bottlenecks and the microchip shortages that now look to persist well into next year. Still, as the delta variant wave recedes, consumer spending is turning higher, with the latest data showing increased hotel occupancy and restaurant visits. Rising employment (initial claims fell further last week) and wages, as well as massive excess savings, will provide a tailwind for households, countering the drain from fast-rising prices. Holiday sales look to be very strong this year...if stores can find enough workers to deliver them. In our opinion fourth quarter GDP growth could easily double from the third quarter pace.

U.S. durable goods orders slipped 0.4% in September, not as bad as expected, though the prior month was revised down to +1.3% (from +1.8%). The decline came on the back of the transportation sector which dropped 2.3%. Automakers extended plant shutdowns amid the ongoing microchip shortage, with orders for motor vehicles and parts falling for the second straight month, down almost 3%. Meanwhile, Boeing's new bookings also ran into some turbulence. Excluding transportation, however, orders climbed 0.4% with machinery up 1.1% and operating back at record highs, while metals also posted healthy gains. Core orders, which excludes aircraft and military hardware, rose 0.8%, while core shipments climbed 1.4%, both above expectations. That suggests third quarter business spending could come in a little stronger than initially expected.

U.S. goods trade deficit widened to a record $96.3 billion in September. This was worse than expected as exports slumped 4.7% (only the second drop so far this year) while imports rose 0.5%. That will subtract from growth in third quarter. Offsetting this negative news was a build-up in business inventories. They grew 0.6%, supported by a 0.9% increase in manufacturing and a 1.1% rise in wholesale, but offset by a 0.2% slide in retail.

FINANCIAL CONDITIONS

The Bank of Canada opted to keep its main policy rate at the effective lower bound of 0.25%—a decision fully expected by the market. Another taper of the quantitative easing (QE) program, which had long been a part of our base case outlook, also materialized. Importantly, this latest statement signalled the end of QE (i.e. net bond buying) and a transition to the reinvestment phase: "The Bank is ending quantitative easing (QE) and moving into the reinvestment phase, during which it will purchase Government of Canada bonds solely to replace maturing bonds." And ultimately, the Bank opted for relatively more hawkish forward guidance by revising forward guidance on the policy rate to signal earlier rate hikes than before, stating, "We remain committed to holding the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2% inflation target is sustainably achieved. In the Bank's projection, this happens sometime in the middle quarters of 2022". This had previously signalled the "second half off 2022".

The European Central Bank (ECB) left its policy settings and forward guidance unchanged. In its policy statement, the Bank confirmed that it will make monthly purchases under the Pandemic Emergency Purchase Programme (PEPP) at a "moderately lower" pace than between March and September, and that it will continue net purchases under the APP until shortly before it starts raising the key ECB interest rates. The Bank also left its interest rate guidance unchanged, meaning that rates will not rise until its three conditions, relating to the inflation rate, have all been met. Several points are worth highlighting from the press conference. First, Christine Lagarde, the President of the ECB, went out of her way to argue that the current increase in inflation will prove transient. She said the Governing Council had spent a lot of time "soul searching" about inflation but, having done so, concluded its existing ("transient") view is correct. The three factors which had driven inflation up (base effects, an imbalance between supply and demand, and higher energy prices) would all fade over time. That said, Lagarde conceded that the global supply/demand imbalance may fade only gradually over the course of next year – a view which was informed by internal ECB conversations with company managers. She also stressed that the Bank would look closely at wage data for evidence of second-round effects which could potentially lead them to change their view, though there was no reason to worry at this stage.

The U.S. 2 year/10 year treasury spread is now 1.07% and the U.K.'s 2 year/10 year treasury spread is 0.36%. A narrowing gap between yields on the 2 year and 10 year Treasuries is of concern given its historical track record that when shorter term rates exceed longer dated ones, such inversion is usually an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 3.14%. Existing U.S. housing inventory is at 2.6 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 17.03 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And finally: "I can resist everything except temptation." – *Oscar Wilde*

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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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