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NEWS HIGHLIGHTS

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

MAY 30, 2022

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

SoftBank Group Corp. ("SoftBank") – State-owned automaker China FAW Group Co., Ltd. ("FAW") is considering acquiring a significant stake in DiDi Global Inc. ADR ("DiDi"), according to people familiar with the matter. The Chinese carmaker has reached out to DiDi's top executives and expressed its interest in becoming a major shareholder in the firm, said the people, who asked not to be identified as the information is private. FAW pledged to help DiDi resolve issues related to data security, paving the way for a Hong Kong listing, the people said. Discussions are at an early stage and might not lead to any transaction, the people said. Representatives for DiDi and FAW didn't immediately respond to requests for comment. DiDi became a symbol of China's crackdown on technology companies after the ride-hailing firm proceeded with its US$4.4 billion U.S. initial public offering (IPO) despite Beijing's objections, erasing more than $70 billion in market value since China placed it under a cybersecurity probe. FAW is unlikely to be the only firm interested in getting a stake in DiDi. Shouqi Group, part of the Beijing Tourism Group Co., Ltd., and other companies based in Beijing were looking at a stake in the ride-hailing firm, last September. FAW is one of China's biggest automobile conglomerates, makers of the Hongqi or "Red Flag" limousine. The company has since evolved into one of the country's most important state-backed corporations, a partner to foreign firms like Toyota Motor Corporation and Volkswagen AG with ambitions to delve into newer arenas such as electric vehicles and autonomous driving. Last week, shareholders of DiDi approved a plan to delist from the New York Stock Exchange. Some investors could be forced to sell because their mandates don't allow them to hold unlisted shares.

SoftBank – On May 26, Alibaba Group Holding Limited ("Alibaba") reported revenue rose a better-than-expected 9%, in spite of the heavy impact of the lockdowns intended to eradicate COVID-19 in China. The company reported revenue climbed to 204.05 billion yuan (US$30.3 billion) in the March quarter, beating analysts' projections. On Thursday, Daniel Zhang, Chief Executive Officer (CEO) emphasized his company would pursue higher-quality expansion, keep a lid on costs and keep expanding its ability to build cloud and digital infrastructure for customers. The management refrained from offering revenue forecast for the year, underscoring the unpredictable impact of a COVID-19 zero policy. Alibaba will play its part in helping shore up the economy, Zhang told analysts on a post-earnings conference call. The company's own revenues had slid by a single-digit percentage in April, though logistics were improving in areas such as hard-hit Shanghai as COVID-19 cases came down.

Alibaba's stronger-than-expected fiscal fourth quarter commerce-revenue gain raises the likelihood of a speedy recovery of the retail and consumer units by the September quarter, assuming disruptions from COVID-19 on mainland China fade. Alibaba said in February it'll focus on retaining users rather than pursuing the aggressive market-share grab of years past. That marked a major shift for a company that once fought rivals in arenas from media to the cloud and retailing, and follows more than a year of curbs on every facet of China's internet sector. Its annual active users in China surpassed the 1 billion mark. In a response to domestic hurdles, Alibaba has turned increasingly outward as Lazada Group SA ("Lazada"), its Southeast Asian arm, Trendyol in Turkey and Daraz around South Asia have evolved into important units of the company. Alibaba has outlined a long-term goal of quintupling Lazada's gross merchandise value, the sum of transactions across its platforms, to $100 billion.

SoftBank - SoftBank-backed Indian logistics firm Delhivery Limited ("Delhivery") surged as investors brushed off rising global risks to support the nation's second-largest initial public offering of the year in its market debut. The shares climbed over 10% to 536.35 rupees in Mumbai, versus the issue price of 487 rupees. The company and its shareholders, including The Carlyle Group's CA Swift Investments and SoftBank Vision Fund's SVF Doorbell (Cayman) Ltd., raised 52.35 billion rupees (US$675 million) through the sale of both new and secondary shares. Venus Pipes & Tubes Ltd., which also debuted on the exchanges on Tuesday, closed with a gain of 8.7%. Delhivery's positive start may provide encouragement for companies waiting to tap capital markets amid ongoing global volatility. Founded in 2011, Delhivery is one of India's largest fully-integrated logistics companies, serving over 17,000 postal codes with a team of 86,000 people, according to its website. Its equity sale was oversubscribed 1.63 times, with a pick-up in demand coming on the last day and supported mostly by qualified institutional buyers. Non-institutional investors, retail individuals and employees placed smaller bids than the portions reserved for them. The logistics start-up and its shareholders initially had been seeking to raise about $1 billion in a deal that was expected to be priced in March.

Meta Platforms, Inc. ("Meta") - Meta's ongoing battle with German regulators has created an important challenge for the country's virtual reality industry. Local start-ups have been struggling to get their hands on Meta's headsets after they were pulled from the shelves. Now they are having to choose whether to develop applications using less popular rival headsets, or give up on the fast-growing US$4.4 billion market. Meta removed its Oculus headsets from the German market in 2020, fewer than three months after the country's top court confirmed an allegation that Meta was abusing its dominant position. Later that year, the Federal Cartel Office opened a probe into the requirement that its Quest 2 headset users register a Facebook account in order to operate the device. In the meantime, German virtual reality firms have lagged far behind peers in the UK, France, Israel and Switzerland in fund-raising, according to data compiled by PitchBook Data, Inc. Meta is the world's top virtual reality ("VR") headset maker, with 80% market share according to research firm International Data Corporation ("IDC"). Customers have spent over $1 billion on Meta's Quest store content, in part driven by Facebook focus on the so-called metaverse, a virtual world that blends gaming, VR and social media. JPMorgan Chase & Co. estimates spending in the metaverse could eventually reach $1 trillion. While it is possible to get Quest 2 headsets delivered to Germany via Amazon stores hosted by other European Union ("EU") nations, the workaround is an added cost to developers and depresses demand among potential clients. The dispute between Meta and the Federal Cartel Office is one of several cases where the company's data policies and practices have triggered concerns in Germany. Regulators have banned the company from collecting data of German users of its WhatsApp messaging service, while this year the nation's top civil court ruled Facebook can't deny locals the right to use invented names. While Meta is the dominant player in the industry, there are signs that competition is heating up. Some developers have hailed the ByteDance Ltd.'s Pico Neo as comparable quality to the Quest 2, while Apple Inc. executives recently previewed a mixed-reality headset to the company's board, according to people familiar with the matter. Other companies face questions over information security. Last year, Ireland's Data Protection Commission began two probes of ByteDance's TikTok video sharing app, including one after Helen Dixon, Irish Privacy Chief, expressed concerns that it was sending some EU user information to China. VR fitness app developer ICAROS, founded in 2015, shifted away from the Oculus system when Meta halted sales, according to Michael Schmidt, Chief Executive Officer and founder. While the results of the Oculus probe are pending, the head of the Federal Cartel Office said this month that Facebook will be able to be covered by Germany's tougher new digital antitrust rules, suggesting regulators and Meta remain at an impasse.

Reliance Industries Limited ("Reliance") - A consortium backed by the billionaire Issa brothers is considering dropping out of the bidding for Walgreens Boots Alliance, Inc. ("Walgreens")'s international arm due to disagreements over price, people with knowledge of the matter said. The Issas, who were bidding together with TDR Capital, balked at a request by Walgreens to increase their offer for the Boots UK Limited ("Boots") drugstore chain and are now thinking about walking away, the people said. The situation is fluid, and the investor group could still re-enter the race if it can reach a compromise on price with Walgreens, the people said. The U.S. company has been seeking a valuation of about 7 billion pounds (US$8.8 billion) for Boots, though bidders had pegged its worth around 5 billion pounds. In auction situations, potential buyers sometimes walk away from the negotiating table in order to gain a tactical advantage. The Issa-TDR group had been one of the two main suitors remaining in the contest. They were bidding for Boots through Asda Stores Ltd., the British grocery chain they jointly own. A consortium of Reliance and Apollo Global Management, Inc. is the other serious party left in the race. That group was still working to line up financing in recent days and hadn't yet submitted a second-round offer, according to Bloomberg.

Berkshire Hathaway Inc. ("Berkshire") – The Biden administration gave final approval to a 416-mile electric transmission line that will help connect more wind and solar energy to the Western U.S. grid. The move allows PacifiCorp, a unit of Berkshire, to start building the line, which will run from Southwest Wyoming through Colorado to central Utah. The project's approval is part of the Biden administration's effort to speed permitting of clean energy projects on public lands to both create jobs and tackle climate change. America's antiquated network of transmission wires and the bureaucratic difficulty of permitting massive modern projects is widely regarded as a barrier to the expansion of renewable energy sources that must be connected to population centers, sometimes over long distances. "Approving large-scale transmission projects like this are key to bringing renewable energy online," Tracy Stone-Manning, Bureau of Land Management Director, said in a statement. The Gateway South project is part of PacifiCorp's larger plan to add 2,000 miles of new transmission in Washington, Idaho, Oregon, Wyoming, Colorado and Utah to improve reliability and allow access to low-cost renewable energy resources. The utility plans to add thousands of megawatts of wind and solar energy over the next two decades while retiring most of its 22 coal plants. The company has pledged to lower carbon emissions by 74% from 2005 levels by 2030.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Bank of Montreal ("BMO") reported core cash Earnings Per Share ("EPS") of CA$3.23 in the second quarter of fiscal year 2022, which was in line with the Street estimate of $3.21. The pre-tax pre-provision earnings growth was down 11% quarter-over-quarter ("Q/Q") and up 6% year-over-year ("Y/Y"). The bank reported core Return On Equity ("ROE") of 15.7% this quarter, which was down 310 basis points ("bps") over the quarter. The Core Equity Tier 1 ratio of 16.0% was up 190bps sequentially. As expected, BMO increased its quarterly dividend to $1.39/share, up 5% from $1.33/share last quarter. The relatively in line performance was driven by expenses being better than expected and total Provisions for credit losses essentially in-line lower whereas than expected revenue had been higher. On a segmented basis, U.S. Personal & Commercial ("P&C") and Capital Markets both contributed to the beat but offset by a miss on Wealth Management.

Bank of Nova Scotia ("BNS") reported core cash EPS of CA$2.18 in the second quarter of fiscal year 2022, which beat the Street estimate of $1.96. The pre-tax pre-provision earnings growth was down 1% Q/Q and up 2% Y/Y (or up 8% Y/Y across operating segments). The bank reported core ROE of 16.4% this quarter, which improved 50bps over the quarter. The Core Equity Tier 1 ratio of 11.6% was down 40bps sequentially. BNS increased its quarterly dividend to $1.03/share, up 3% Q/Q. The beat was driven by lower than expected total Provisions for Credit Losses (+$0.19/share), higher than expected revenue (+$0.02/share, as higher Net Interest Income ("NII") of +$0.07/share was offset by lower other income -$0.04/share) offset by higher than expected expenses (-$0.03/share). On a segmented basis, the beat was driven by better than expected results from both Canadian and International Banking (+$0.15/share and +$0.07/share, respectively).

Canadian Imperial Bank of Commerce ("CIBC") reported core cash EPS of $1.77 in the second quarter of fiscal year 2022, which was in line with the Street estimate of $1.78. The pre-tax pre-provision earnings growth was down 6% Q/Q and up 7% Y/Y. The bank reported core ROE of 15.2% this quarter, which was down 240bps over the quarter. The Core Equity Tier 1 ratio of 11.7% was down 50bps sequentially. As expected, the bank increased its dividend to $0.83/share, up 2% from previously. The roughly in line performance was driven by higher than expected expenses (-$0.07/share) and Provisions for Credit Losses (-$0.05/share) offset by revenues being better than expected. On a segmented basis, both Canadian Personal and Business Banking and U.S. Commercial and Wealth missed estimates though that was offset by beat from Capital Markets.

Costco Wholesale Corporation ("Costco") once again reported strong results, with third quarter of fiscal year 2022 comparative ex. fuel and FX sequentially accelerating to 37.5% versus approximately 35% in the second quarter of fiscal year 2022 and the first quarter of fiscal year 2022 on a 3-year compounded basis. Merchandise margin pressure was greater than anticipated due to broad-based inflation and tough comparisons, but this was partially offset by robust Selling, General and Administrative expenses ("SG&A") performance on strong sales. All in, third quarter of fiscal year 2022 EPS came in at US$3.04, but excluding a one-time, pre-tax charge of $77 million related to an additional vacation day awarded to each employee, EPS would have been $3.17 versus the consensus at $3.03. Importantly, excluding a few specific categories like exercise equipment and barbecues, Costco is still seeing robust trends in many big-ticket and discretionary categories, such as appliances, furniture, jewelry, and TVs, despite challenging comparisons. This highlights Costco's strong value proposition, best-in-class execution, and the fact that core Costco shoppers (annual household ("HH") income of approximately $110 thousand) seem to be in a better shape than the lower income demographic. While Costco is benefiting from the fact that value is becoming more important for all income segments, the company's success and share gains also are fueled by its breadth of offerings or business mix, in our view. To elaborate, Costco benefits from providing products and services where consumer spending is shifting toward, such as travel, gas, tires etc. Specifically, the company's robust value proposition in fuel in the wake of record high gas prices is boosting gas station traffic (gallons trending up high-teens to low-20% Y/Y versus the industry up 1-2%), club traffic, as well as new membership growth. Costco hit an all-time in membership renewal rates, with U.S. and Canada at 92.3% and worldwide rate at 90% for the first time in its history. While Costco plans to continue to internally discuss the timing of a membership fee increase (it's a question of when, not if), it has not "pulled the trigger" yet given it would be an additional burden on its members in the wake of inflationary pressures.

Royal Bank of Canada reported core cash EPS of CA$2.99 in the second quarter of fiscal year 2022, which beat the Street estimate of $2.67. The pre-tax pre-provision earnings growth was down 10% Q/Q and down 2% Y/Y. The bank reported core ROE of 18.4% this quarter, which was up 110bps over the quarter. The Core Equity Tier 1 ratio of 13.2% was down 30bps sequentially. As expected, the bank hiked its dividend to $1.28/share, up 7% from previously. The beat was driven by lower than expected Provisions for Credit Losses (+$0.29/share) as expenses were higher than expected (-$0.09/share) and revenue was largely in-line. On a segmented basis, Canadian Banking contributed to the beat (+$0.23/share) reflecting the lower than expected provision for credit losses ("PCLs"), but that was partially offset by lower than expected results from Capital Markets (-$0.08/share).

Toronto-Dominion Bank ("TD") reported core cash EPS of CA$2.02 in the second quarter of fiscal year 2022, which beat the Street estimate of $1.93. The pre-tax pre-provision earnings growth was down 3% Q/Q and up 9% Y/Y. The bank reported core ROE of 15.9% this quarter, which was up 20bps over the quarter. The Core Equity Tier 1 ratio of 14.7% was down 50bps sequentially. As expected, the bank left its dividend unchanged at $0.89/share. TD introduced 2% discount on dividend reinvestment plan ("DRIP"). The beat was driven by higher than expected revenue (+$0.17/share) and lower than expected Provisions for Credit Losses (+$0.05/share) as expenses were higher than expected (-$0.15/share). On a segmented basis, U.S. Retail and Canadian P&C were in-line with better than expected results from Canadian Wealth and Insurance and Wholesale Banking (+$0.01/share each).

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

BridgeBio Pharma Inc. ("BridgeBio") - announced interim Phase 1 data from healthy volunteers, supporting the development of BBP-671 for potential treatment of pantothenate kinase-associated neurodegeneration (PKAN) and organic acidemias. The data are being shared in a scientific poster session at the Pan American Parkinson and Movement Disorders (PAS) Congress. BBP-671 is being developed as a potential therapy for diseases in which metabolism is deficient, including PKAN, propionic acidemia (PA), and methylmalonic acidemia (MMA). PKAN is a rare neurological disorder characterized by progressively debilitating symptoms that begin in early childhood, including dystonia, rigidity, bradykinesia, dysphagia, visual impairment and dementia. PA and MMA are rare metabolic disorders caused by mutations in enzymes that participate in amino acid metabolism leading to life-threatening metabolic decompensations, as well as long-term complications involving multiple organ systems, including the heart, pancreas, kidney, liver and brain. PKAN, PA and MMA are rare diseases affecting an estimated 7,000 patients in the United States and European Union collectively. BridgeBio believes these initial findings from the Phase 1 study demonstrate target engagement and proof of mechanism of BBP-671 provided by evidence that BBP-671 can cross the blood brain barrier. The first-in-human Phase 1 study of BBP-671 in a total of 77 healthy volunteers was designed to provide single- and multiple dose safety, tolerability, pharmacokinetic (PK), and pharmacodynamic (PD) data to support future development of BBP-671. Based on these positive data, BridgeBio intends to move forward with the second part of its Phase 1 clinical study in patients with PA and MMA in the second half of 2022, as well as initiate a pivotal Phase 2/3 clinical study in PKAN in 2023.

Clarity Pharmaceuticals Limited ("Clarity") is pleased to announce that Dr. Neal Shore has joined Clarity's Clinical Advisory Board (CAB). Dr. Shore Doctor of Medicine ("MD"), Fellow of the American College of Surgeons ("FACS") is the Chief Medical Officer of Urology/Surgical Oncology at GenesisCare, U.S. and the Medical Director of Carolina Urologic Research Centre. He has conducted more than 400 clinical trials with a particular focus on genitourinary (GU) oncology indications and is an internationally recognised expert and researcher in systemic therapies for patients with advanced urologic cancers, such as prostate, kidney and bladder cancers. Dr. Shore has more than 250 peer reviewed publications and numerous book chapters. He completed his general surgery/urology residence at New York Hospital-Cornell Medical Center/Memorial Sloan Kettering Cancer Center. Dr. Shore serves on the Society for Immunotherapy of Cancer ("SITC") Guidelines Committee for Bladder Cancer as well as the boards of the Bladder Cancer Advocacy Network and the Duke Global Health Institute. He is the Chair of the Large Urology Group Practice Association ("LUGPA") Education Committee. Dr. Shore is on the editorial boards of Reviews in Urology, Urology Times, Chemotherapy Advisor, OncLive, PLOS ONE, Urology Practice, World Journal of Urology, and also serves as Editor, Everyday Urology-Oncology. He is a Fellow of the American College of Surgeons. Dr. Alan Taylor, Clarity's Executive Chairman, commented, "We are very pleased to welcome Dr. Shore to our CAB. His unique expertise in GU oncology and intimate knowledge of the radiopharmaceutical space will be an invaluable asset to Clarity as we continue our clinical development during 2022 and into Phase III trials next year."

Guardant Health Inc. ("Guardant Health") announced that the first blood-based cancer testing services in Europe based on Guardant Health's industry-leading digital sequencing platform are now available at the VHIO liquid biopsy testing facility in Barcelona. Guardant Health and Vall d'Hebron Institute of Oncology (VHIO), one of Europe's leading cancer research organizations established the partnership in January 2021 to give more patients access to Guardant Health's industry leading liquid biopsy technology. This testing service will provide essential genomic information through comprehensive genomic profiling (CGP) for patients with any solid cancerous tumor. From a simple blood draw, the test identifies patients with actionable biomarkers more quickly than starting with tissue biopsy. The VHIO testing services will be available for clinical research and clinical care. "The opening of this service will give more patients with advanced cancer access to blood-based biomarker testing and help their healthcare professionals make more informed treatment decisions," said Helmy Eltoukhy, Guardant Health co-CEO.

Telix Pharmaceuticals Limited ("Telix") - Dickon Hayne, Professor of Urology at The University of Western Australia, will present details of the ZipUp trial, a ground-breaking new Positron Emission Tomography ("PET") scan to detect localized and metastatic bladder cancer that is being tested at Perth's Fiona Stanley Hospital. The ZipUp trial involves a new molecule consisting of an antibody called girentuximab, that 'sticks' to the cancer, attached to the radioactive substance Zirconium that allows surgeons to see it is on a scan. Currently, the prevailing imaging modality is flurodeoxyglucose (FDG). The trouble when it comes to bladder cancer is that FDG is predominantly excreted in the urine, which limits its ability to detect cancer in the urinary tract. However, girentuximab could be great for imaging the urinary tract because it's broken down in the liver and doesn't get excreted in the urine. The pass-through payment status for Illuccix, Telix's prostate imaging product, was granted by the U.S. Centres for Medicare and Medicaid Services (CMS). From July 1, CMS and commercial health insurers will recognise the Healthcare Common Procedure Coding System (HCPCS) Level two code, which was assigned to Illuccix for reimbursement. Illuccix can be ordered by health care professionals from 128 pharmacies and is accessible to approximately 85% of PET imaging sites across the U.S. More sites will be added in the coming months. From the first of the month, Medicare funding will cover the initial staging of intermediate to high-risk patients with prostate cancer. "This diagnostic agent is being rapidly adopted by physicians, who recognize its value in determining the extent of disease and to guide treatment decisions," Dr. Christian Behrenbruch, Group CEO of Telix said.

ECONOMIC CONDITIONS

Ukraine: EU leaders start a two day special meeting in Brussels on Monday, May 30th to discuss the war in Ukraine, defense, inflation, energy, and food security. EU leaders failed to come together on a revised package of Russian sanctions with Hungary vetoing a complete ban of Russia oil. The latest idea being floated is to ban all seaborne oil from Russia but allow crude supplies via pipelines to keep flowing. France's Macron and Germany's Scholz had discussion with Russian President Putin and asked that the blockade of Odesa be lifted in order to allow Ukrainian grain to be exported into the Black Sea. Russia meanwhile is working on a Eurobond payment that would sidestep western financial infrastructure. In our view nothing on this front looks to be improving.

Canadian retail sales were unchanged in March, a big step down from Statistics Canada's +1.4% flash estimate, while the prior month's gain was bumped up a tick from +0.1% to +0.2%. There were plenty of big sectoral moves in March, but the biggest driver of the disappointing headline reading was a 6.4% plunge in auto sales. A lack of supply, as chip shortages hamper production, continues to weigh on vehicle sales. That's been a theme for some time, but is expected to ease as we work through 2022. Excluding autos, retail sales rose a solid 2.4%, with gains in every category. Indeed, 6 of 11 sectors saw sales rise by 2% or more, with miscellaneous stores (+5.9%, pushed higher by a 10.7% jump in cannabis stores), building materials (+3.7%) and sporting goods/hobby stores (+2.4%) leading the way. Gasoline was also a source of strength (+7.4%), driven by higher pump prices. Unfortunately, a good chunk of that underlying strength was due to broadly higher prices. Overall retail volumes fell 1%, the second consecutive drop and third in the past four months. For all of the first quarter, retail volumes were up just 0.9% annualized, as higher prices and supply constraints weighed.

U.S. durable goods orders rose 0.4% in April while the prior month was revised down to +0.6% (versus the 1.1% gain initially reported), largely in line with expectations, suggesting still-healthy demand for equipment and merchandise lasting more than three years. Transportation climbed 0.6%, halting two straight months of decline on slightly higher aircraft bookings. Excluding transportation, orders edged up 0.3% as primary metals (+0.6%) climbed to the highest since December 2018 and machinery (+1.0%) hit yet another record high. Meantime, core capital goods orders, which exclude aircraft and military hardware, rose 0.3%. That came in slightly below expectations, though still signals a good start to the current quarter following solid capital expenditure spending in the first quarter. Looking ahead and in our view momentum is likely to slow amid the Federal Reserve ("Fed")'s series of aggressive rate hikes.

China is seeing falling COVID-19 infections (total nationwide cases stood at 122 yesterday) and hit its lowest level since March 3, 2022. Beijing local cases have fallen to 12 and government officials have loosened the restrictions on movement in several districts. Shanghai officials authorized that all manufacturers can re-start operations in June and the government released a 50-step economic aid package to revitalize the lock-down hit economy.

FINANCIAL CONDITIONS

The U.S. Federal Reserve is carrying US$330 billion in unrealized losses on its holdings of U.S. Treasury and mortgage-backed securities as of the end of March, according to newly released financial statements showing the impact of rising interest rates on the market value of the Fed's balance sheet (source Reuters).

The Bank of Israel raised its benchmark interest rate (ILINR=ECI) by a bigger-than-expected 0.4 percentage points on Monday, the latest move in its aggressive battle against rapidly rising inflation amid strong economic growth and a tight labor market. The suddenly hawkish central bank lifted its key rate to 0.75% from 0.35%.

The U.S. 2 year/10 year treasury spread is now 0.26% and the U.K.'s 2 year/10 year treasury spread is 0.51%. 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 5.10%. 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 26.69 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

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

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