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NEWS HIGHLIGHTS

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

AUGUST 23, 2022

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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") – SoftBank Investment Advisors, which runs SoftBank 's Vision Funds, has given oversight of its European investment team to Sumer Juneja, its managing partner. Juneja, who is also responsible for SBIA's Indian investments, will relocate to London, according to a memo sent to staff by Rajeev Misra reviewed by Bloomberg. Juneja's enhanced role comes amid the impending departures of managing partners Yanni Pipilis and Munish Varma, who are joining a new investment firm led by Misra.

Meta Platforms, Inc. ("Meta") - After years of revising and updating its election strategy, Meta is pulling out a familiar playbook for the U.S. midterms, sticking with many of the same tactics it used during the 2020 general election to handle political ads and fight misinformation. That largely means focusing on scrubbing misinformation about voting logistics and restricting any new political ads in the week prior to Election Day. Similar to the general election two years ago, the company, which owns Facebook and Instagram, will remove posts that mislead people on where, when and how to vote, or that call for violence based on the voting or election outcome, according to a statement Tuesday. Ads that push people not to vote or that question the legitimacy of an election will be removed. Meta is working with 10 outside fact checking partners, including five Spanish-language organizations, to review posts and label them if they're misleading. The company will also prompt users to check out a section of its site with general voting information, curated by Meta employees. A key part of Meta's current approach relates to political advertising. In the week prior to the election, no new ads on political or social issues can run, just like in 2020, though the company reviewed and revised the policy. Marketers won't be able to change any of the ad design or audience targeting parameters during the week before the vote.

SoftBank Group Corp. ("SoftBank") - Chip designer Arm booked record revenues for the first quarter ended June 30, 2022 and was one of the bright spots in an otherwise loss-heavy start to fiscal 2023 for Japanese parent SoftBank's Vision Fund. For the three months, Arm said today it generated US$719 million in revenue, up 6 percent year-on-year, including $453 million in chip royalties, up 22 percent on the same quarter of 2021 and an all-time high. According to the profit and loss accounts, Arm's customers shipped 7.4 billion Arm-based devices, making this the fourth quarter of more than 7 billion chips being shipped. Earnings before income tax, depreciation and amortization grew 31 percent to $414 million and margin was 58 percent. Execs think the numbers show Arm's strategy to diversify beyond mobile in other sectors such as automotive and infrastructure is paying dividends. The plan is to float Arm later this year, potentially with a dual listing on the New York and London stock exchanges. An estimated valuation of $60 billion was proposed earlier this year.

Ares Management Corporation ("Ares") – Atlas Crane Service, Inc. ("Atlas "), a full-service crane rental company that primarily serves the wind industry, announced today that a fund managed by the Infrastructure Opportunities strategy of Ares Management has acquired a controlling interest in the company. Founded in 2009 and headquartered in Aurora, Illinois, Atlas is a full-service crane rental provider offering turnkey maintenance, repair, and overhaul solutions to over 250 customers. The company's fleet of cranes provides mission critical maintenance and repair services for wind turbines. Atlas' executive management team, led by Zach Prentis, Chief Executive Officer, will continue to guide the company with an emphasis on growth, geographic expansion, and a continued focus on delivering premier services and a dedication to safety. "We are excited to support Atlas' long-term vision and leverage our combined strengths as we seek to drive continued growth of renewable energy power generation," said Keith Derman, Partner and Co-Head of Ares Infrastructure Opportunities. "Zach and his team have built a differentiated business with a strong, entrepreneurial culture, and we look forward to helping them provide critical services and solutions to wind asset owners and operators throughout the country." "Ares and Atlas share a commitment to accelerating the transition to a low carbon economy, which requires high quality and competitively priced servicing of wind energy assets," said Steve Porto, Partner in Ares Infrastructure Opportunities. "We believe that Ares' deep renewables experience will provide Atlas with strong support to capitalize on the significant opportunity in this resilient and growing asset class."

Berkshire Hathaway Inc. (Berkshire) – A U.S. energy regulator gave Berkshire permission to buy up to 50% of oil company Occidental Petroleum Corporation's ("Occidental") common stock. Berkshire had applied to increase its stake on July 11, saying it would not hurt competition, undermine regulatory authority, or boost costs for consumers. Federal Energy Regulatory Commission ("FERC") regulates the interstate transmission of electricity, natural gas and oil. The share price of Houston-based Occidental has more than doubled this year, benefitting from rising oil prices following Russia's February 24 invasion of Ukraine. Berkshire began buying Occidental shares four days later. Warren Buffett's Omaha, Nebraska-based conglomerate also owns US$10 billion of Occidental preferred stock, which helped finance the 2019 purchase of Anadarko Petroleum Corporation, and has warrants to buy another 83.9 million common shares for $5 billion. Berkshire also ended June with a $23.7 billion stake in a larger oil company, Chevron Corporation. Eric Moses, Occidental spokesman, said the higher ownership limit was "necessary" because the company owned assets subject to FERC regulation. It said the prior limit was 25%. FERC's authorization does not require Berkshire to buy any Occidental shares. Buffett completed one of his biggest acquisitions, the $26.5 billion purchase of the BNSF Railway, in 2010 after Berkshire had amassed a 22.6% stake. Berkshire ended June with $105.4 billion of cash and equivalents, even after buying a net $45.2 billion of stocks in the year's first half. Buffett has pledged to keep $30 billion on hand. Berkshire owns more than 90 companies outright, including Government Employees Insurance Company, See's Candies, Dairy Queen, and several manufacturing businesses.

Brookfield Asset Management Inc. – Intel Corporation ("Intel") and Canada's Brookfield Asset Management Inc. ("Brookfield") agreed to jointly fund up to US$30 billion for the U.S. chipmaker's leading-edge chip factories in Arizona. The move comes after U.S. President Joe Biden earlier this month signed the CHIPS and Science Act into law, which included provision of $52.7 billion in subsidies for U.S. semiconductor production and research. Brookfield's infrastructure affiliate will invest up to $15 billion for a 49% stake in the expansion project, while Intel will retain majority ownership and operating control of the two chip factories meant to make advanced chips in Chandler, Arizona. David Zinsner, Intel finance chief, said the arrangement between the companies "builds on the momentum from the recent passage of the CHIPS Act in the U.S". The investment is part of a deal between Intel and Brookfield in February this year to explore project finance options to help fund new Intel manufacturing sites. After Pat Gelsinger took over the reins of the company in early 2021, Intel had announced multi-billion dollar investments across Europe and in the United States. They were aimed at increasing Intel's chip production after the industry went through an over two-year long supply crunch that derailed production of cars to computers.

Pershing Square Holdings, Ltd. ("Pershing") – Billionaire investor William Ackman named insider Ryan Israel as the chief investment officer for his hedge fund Pershing. Israel joined Pershing from The Goldman Sachs Group, Inc.in 2009. Ackman also said that he will continue as chief executive officer and portfolio manager for Pershing with continued control over "ultimate decision making". "If the pie truck were to run me over tomorrow, Ryan would be my choice to manage the portfolio," added Ackman. Earlier in March, Ackman, who spent years building his reputation as a vocal corporate agitator, said he plans to work mainly behind the scenes with management and adopt what he calls a "quieter approach" to force change. Pershing, which liquidated a $US1.1 billion bet on Netflix, Inc.in April 2022, also said that it has also fully sold its position in Domino's Pizza, Inc. as of August 16th this year.

Amazon.com, Inc. ("Amazon") - Amazon, according to a report from the Wall Street Journal, is currently testing a new TikTok-like feature in its app that would enable shoppers to scroll through photos and videos of products posted by other users. Using the new feature, which the company reportedly refers to internally as Inspire, Amazon users can like, save and share posts of products and even purchase items directly from the feed. The test is currently limited to internal Amazon employees, and it remains unclear whether this feature will eventually roll out more broadly on the Amazon app. "We're constantly testing new features to help make customers' lives a little easier," an Amazon spokesperson told TechCrunch. And also according to The Wall Street Journal, Amazon is among the list of companies bidding for Signify Health, a provider of technology and services for home health. Other reported suitors include CVS Health Corporation, which is actively looking to expand its home health services, as well as UnitedHealth Group Incorporated. The news comes shortly after Amazon announced its plans to acquire primary care provider 1Life Healthcare, Inc. last month as part of the company's efforts to expand its footprint in the healthcare space.

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 Bank of Nova Scotia – The Bank of Nova Scotia reported core cash earnings per share of CA$2.10 and consensus of $2.11 for the third quarter in 2022. The performance reflected a lower tax rate, which added another 14 cents per share, lower Provisions for Credit Losses which added another 4 cents per share, that offset lower than expected net revenues, which was 11 cents less per share. Revenue shortfall reflects a mix of factors including lower than expected trading revenues and higher funding costs in Corporate that led to a sequential Net Interest Margin decline. Consolidated Pre Tax Pre Provision profit was down 1% year over year to $3.6 billion; Core Equity Tier 1 capital ratio of 11.4%. The around 20 basis points decrease from the second quarter in 2022 was primarily the result of organic capital generation of

28 basis points, less 28 basis points for Risk Weighted Asset inflation, -9 basis points for share buybacks and other items (-9 basis points). Total Provisions for Credit Losses (PCLs) is $412 million compared with $483 million forecast and consensus of $518 million. PCL ratio is 22 basis points compared with 24 basis point at the third quarter in 2021 and 13 basis points at the second quarter in 2022).

Coloplast Canada Corporation ("Coloplast") - Coloplast has reported 2022's third quarter earnings. Net revenue beat company compiled consensus for the group by 2%, with an organic growth of 8% vs consensus 6.4%. For the five divisions, ostomy care is a touch above and continence care touch below. Importantly, recently acquired Atos Medical now forming Voice & Respiratory Care, showed "double-digit underlying growth" (versus guidance of 8-10%). Earnings Before Interest and Taxes ("EBIT") before special items was in line with consensus on the krone. It's solid organic growth in a challenging environment. Full Year guidance was confirmed at 6-7% organic growth (was revised in conjunction with the second quarter due to COVID-19 pandemic). Reported growth guidance of around 15% and EBIT margin guidance before special items of around 31% are also unchanged. Capital expenditure was lowered for 2022 from Danish krone 1.3 billion to 1.2 billion.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc.("Amgen") – Amgen announced positive top-line results from the DAHLIA study, a randomized, double-blind, active-controlled, two-period crossover Phase 3 study evaluating the efficacy and safety of ABP 959, a biosimilar candidate to SOLIRIS® (eculizumab), compared with SOLIRIS in adult patients with paroxysmal nocturnal hemoglobinuria ("PNH"). The study met its primary endpoints, demonstrating no clinically meaningful differences between ABP 959 and SOLIRIS based on the control of intravascular hemolysis as measured by lactate dehydrogenase ("LDH") at week 27 for the parallel comparison, and the time-adjusted area under the effect curve ("AUEC") of LDH from week 13 to week 27, from week 39 to week 53, and from week 65 to week 79 for the crossover comparison. The safety and immunogenicity profile of ABP 959 was comparable to SOLIRIS. "Today's positive results with ABP 959 demonstrate similar efficacy, safety and immunogenicity as the reference product, further highlighting Amgen's commitment to providing patients with access to high-quality, biologic therapies," said David M. Reese, M.D., executive vice president of Research and Development at Amgen. "We look forward to working with regulators to make this potential biosimilar option available to patients." Amgen has a total of 11 biosimilars in its portfolio, including five that have been approved in the U.S., three that are approved in the EU, and three in Phase 3 development.

BridgeBio Pharma, Inc. ("BridgeBio") – BridgeBio announced that the first patient has been dosed in its Phase 1 clinical trial of BBP-671, an investigational oral therapy being developed for the potential treatment of conditions caused by coenzyme A ("CoA") deficiencies. BBP-671 is an investigational oral therapy intended to increase CoA levels by allosterically modulating pantothenate kinases, key enzymes in the CoA biosynthesis pathway. It is being developed as a potential therapy for diseases in which CoA metabolism is deficient, including propionic acidemia ("PA"), methylmalonic acidemia ("MMA"), and pantothenate kinase-associated neurodegeneration ("PKAN"). PA, MMA, and PKAN affect an estimated 7,000 patients in the United States and European Union collectively, with PA and MMA typically diagnosed in early infancy. BBP-671 is based on breakthrough scientific developments from St. Jude Children's Research Hospital in Memphis, Tennessee. The first-in-human Phase 1 study of BBP-671 is a single- and multiple-ascending dose study designed to evaluate the safety, tolerability, pharmacokinetics ("PK"), and pharmacodynamics ("PD") of BBP-671. The first part of the study evaluated BBP-671 in healthy individuals and the second part of the study is evaluating BBP-671 in PA and MMA patients. Positive interim data from healthy individuals were reported earlier this year. The first patient dosed in the second part of the trial has PA. In this part of the study, up to eight PA patients and eight MMA patients will receive BBP-671. Safety and tolerability will be assessed, as well as the PK and PD of BBP-671 using validated bioanalytical assays. A wide range of disease-related biomarkers with potential clinical relevance will be monitored during the study and compared to baseline values. The potential use of biomarkers for PA and MMA as surrogate endpoints in clinical trials for metabolic diseases is a subject of active discussion among key opinion leaders in the field.

Clarity Pharmaceuticals ("Clarity") – Clarity, a clinical stage radiopharmaceutical company with a mission to develop next-generation products that improve treatment outcomes for children and adults with cancer, announced it has completed cohort 2 and advanced to cohort 3 in the theranostic 64Cu/67Cu SARTATE™ neuroblastoma trial ("CL04 trial"). The independent Safety Review Committee ("SRC") assessed the safety data from cohort 2 in all three participants, confirming no Dose Limiting Toxicities ("DLTs") occurred following the administration of a single therapy cycle of 67Cu-SARTATE. The SRC has recommended the trial progress to cohort 3, without modification, increasing the 67Cu SARTATE™ dose from 175MBq/kg body weight in cohort 2 to 275MBq/kg body weight in cohort 3. Additional therapy cycles of 67Cu SARTATE™ have been requested by clinical sites and are being administered to participants in cohorts 1 and 2. Subsequent therapy cycles are contingent on the investigator's assessment that the participant is demonstrating therapeutic benefit. Dr. Alan Taylor, Clarity's Executive Chairman, commented, "Our team of colleagues and collaborators are very excited to advance the SARTATE™ product in neuroblastoma, an aggressive childhood cancer. With cohort 2 of this theranostic trial now completed, we look forward to exploring the therapeutic benefits of using an increased dose of 67Cu SARTATE™ in these children, where no other options are available. The further increase in dose between cohorts 2 and 3 is significant, and we look forward to analyzing the safety and efficacy data in these higher-level cohorts in neuroblastoma, a radiation sensitive disease. Improving treatment outcomes for children with cancer is at the heart of our mission and something we are very passionate about. As such, we hope that Clarity will be able to continue building upon the mounting diagnostic and therapeutic benefits of the SARTATE™ products and improve the treatment paradigm for children with this insidious disease," said Dr.Taylor.

Guardant Health, Inc. ("Guardant") – Guardant announced that Guardant Reveal, the only tissue-free test for the detection of residual and recurrent disease for colorectal cancer ("CRC"), is now available for patients with breast and lung cancers. The Guardant Reveal blood test improves the management of early-stage cancer patients by detecting circulating tumour DNA ("ctDNA") in blood after surgery—without the need for a tissue biopsy—to identify patients with minimal residual disease ("MRD") who have a higher risk for recurrence and may benefit from additional therapy. The test has also been shown to predict disease recurrence more effectively than current standard-of-care tools, like carcinoembryonic antigen ("CEA") tests, which are limited in their ability to identify patients at high risk for recurrence. Guardant Reveal is the first blood-only test that detects residual and recurrent disease in patients with Stage II and III CRC, breast or lung cancer without the need for a tissue biopsy. Combining genomic and epigenomic signals, the test detects ctDNA in blood after surgery to identify patients with residual disease who may benefit most from adjuvant therapy, and to monitor for recurrence of disease in previously diagnosed patients.

Schrödinger, Inc. ("Schrödinger") – Schrödinger announced the appointment of Geoffrey Porges, Bachelor of Medicine and Bachelor of Surgery, as chief financial officer. Dr. Porges brings to Schrödinger more than 30 years of experience in executive, advisory and investment roles within the biopharmaceutical industry. As Schrödinger's CFO, he will lead all aspects of the company's financial operations and investor relations and corporate affairs activities. He will also oversee business development and strategic planning for the company's proprietary pharmaceuticals and biopharmaceutical collaborations. Dr. Porges joins Schrödinger from SVB Securities, where he was most recently vice chairman. From 2015 until 2022, Dr. Porges was senior managing director, director of therapeutics research and senior research analyst at SVB Securities and at Leerink prior to its acquisition by SVB Securities. In that capacity, he led the Leerink/SVB therapeutics research team and personally provided research coverage for established and emerging diversified biopharmaceutical companies. Prior to joining SVB Securities, he was the biotechnology research analyst at AllianceBernstein Holding L.P. for 13 years. Earlier in his career, he held executive positions at BTG Limitedand Merck & Co., Inc. ("Merck"), including leading the commercialization of Merck's human vaccines. Dr. Porges earned his medical degree from the University of Sydney and trained in pediatric and internal medicine in Australia. He is also a graduate of Harvard Business School where he was a Baker Scholar.

Telix Pharmaceuticals Limited ("Telix") – Telix reported half year results, which included the company's having achieved a major commercial milestone with the launch of Illuccix in the U.S. and the subsequent receipt of first commercial revenues from sales of Illuccix. Also during the half-year, the company completed a placement to institutional investors raising US$175,000,000, with transaction costs incurred of $7,816,000. Funds are primarily being applied to Telix's clinical trial pipeline, particularly late-stage clinical trials planned for prostate, renal and brain (glioblastoma) cancer. Revenue increased 726% from $2,910,000 (2021) to $24,047,000 which included research and development services income of $1,535,000. Sales of Illuccix in the U.S. were $19,300,000 ($13,596,000) with total sales for the half-year of $22,512,000, which included sales of Illuccix under compassionate and magisterial use in other regions. The total comprehensive loss for the half-year was $70,622,000 an increase of 111% from $33,436,000 (2021). Earnings before interest, taxes, depreciation and amortisation and research and development expense (EBITDARD) increased 190% per cent from $(13,727,000) (2021) to $(39,822,000). Net loss attributable to ordinary security holders increased 92% per cent from 12 cents (2021) to 23 cents. Cash at the end of the half-year increased 456% per cent from $22,037,000 (2021) to $122,608,000.

ECONOMIC CONDITIONS

Canada's Consumer Price Index rose a consensus-matching 0.1% in July (not seasonally adjusted) after a 0.7% gain the prior month. In seasonally adjusted terms, headline prices were up 0.3% (+0.26%), the smallest gain in 16 months. Higher prices for food (+0.7%), recreation/education/reading (+0.6%), alcoholic beverages/tobacco products (+0.6%), shelter (+0.4%) and health/personal care (+0.4%) were only partially offset by declines for transportation (-0.6%), clothing/footwear (-0.5%) and household operations/furnishings (-0.1%). Year on year, headline inflation weakened from a 40-year high of 8.1% in June 2022 to 7.6% in July 2022. Core inflation measures averaged a climb from 5.2% to 5.3%, the highest level in the series going back to 1990.

Canadian home sales fell 5.3% in July 2022 (seasonally adjusted), or 29.3% from a year ago. That leaves activity back in the pre-COVID-19 range, or roughly 40% below the peak of the demand-side blowout seen last year. Unadjusted, it was the quietest July for sales since the financial crisis in 2020. Meantime, new listings were similarly down 5.3% in the month, which helped keep the market balance from deteriorating further. That said, the flow of listings is consistent with normal pre-COVID-19 activity, and right in-line with the 10-year average. That combination left the market balance steady in July, with the sales-to-new listings ratio holding at 51.7%. At the current run rate of sales that leaves 3.4 months' worth of inventory on the market, which is up from 1.7 at the recent lows, but still lower than we were used to before the pandemic (readings in the 4 to 6 range were common). Overall conditions have deteriorated enough to keep pulling down prices, with the MLS benchmark index down 1.7% in July, and now 6% from the February peak. Keep in mind that the headline HPI often lags reality a bit, and can understate localized moves—we clearly see some markets down around 15%-to-20% from their high, which would imply early-2021 pricing. While the benchmark price is still up 10.9% year over year, the average transactions price is now down 4.4% year over year. The overall dollar volume of transactions has now been cut by a third versus 2021.

UK unemployment rate as expected remained at 3.8% while vacancies fell for the second consecutive month to 1,274,000, which marks the first quarterly decline in vacancies since June to August 2020. Headline and ex-bonus wage growth came in stronger than expected, with the headline measure coming in at 5.1% year over year(market: 4.5%), driven by another significant increase in bonuses, while underlying wage growth increased to 4.7% year over year (market: 4.5%). Headline wage growth still fell significantly from the prior reading of 6.4% year over year (revised from 6.2%), as the strong (and temporary) bonus growth back in March fell out of this month's calculation. Ex-bonus wage growth now has steadily increased since last December's local minimum of 3.7% year over year.

UK headline rate increased 0.7 percentage point to 10.1% year over year (market: 9.8%, Basis of Estimate: 9.9%) and core at 6.2% (market: 5.9%). As expected, food was the main driver of inflation (2.3% month over month), but the drivers were broad-based, with categories such as clothing, rents, and travel & transport services also putting significant upside pressure on both core and headline. Combined with yesterday's strong wage data, this will put some pressure on the Bank of England to raise Bank Rate by another 50 basis points in September. However, we still have a full month of GDP, employment, and CPI data before the next decision.

UK manufacturing and services Purchasing Managers' Indices **("PMIs")** both deteriorated further in August 2022, however while the services index only fell by 0.1 to 52.5 (market: 51.6), the manufacturing PMI dropped a staggering 6.1 points to a 27-month low of 46.0 (market: 51.0). Demand continued to soften while employment expanded at its slowest rate in 17 months. There was a substantial drop in manufacturing output, due in part to reduced customer demand, labour shortages, and supply chain issues. Inflationary pressures moderated further, driven in part by lower metals prices.

French services PMI surprised sharply to the downside in August 2022, falling for the fourth consecutive month to 51.0 (market: 53.0)—a 16-month low. The manufacturing index fell to 49.0, in line with expectations. Demand leaned on output, with survey data indicating the sharpest drop in new business intakes since November 2020. Inflationary pressures continued to ease however, and supply chain issues continued to ease. Overall, this left the composite index in contractionary territory for the first time since early 2021 (49.8), suggesting further challenges ahead for the French economy.

German manufacturing PMI surprised sharply to the upside in August, increasing 0.5 points to 49.8 (market: 48.0), which marks the second increase in the last seven months. On the other hand, the services index fell sharply to 48.2 (market: 49.0). Uncertainty, high inflation, and rising interest rates all weighed on demand, however, further easing of supply side constrains and cost increases boosted business confidence from July's recent low. The outlook for the German economy remains highly uncertain in our view, as Germany struggles with everything from historically low Rhine River water levels to a precarious natural gas situation.

Australia employment came in below expectations at -40.9 thousand (consensus: 25 thousand), with 86.9 thousand full-time job losses offset by +46 thousand part-time job gains. This marks the first decrease in headline since October 2021 and a deviation from the +49 thousand trend growth on average in the first half of the calendar year 2022. Surprisingly, the participation rate fell sharply to 66.4% (June: 66.8%) due to people moving out of the labour force (-61.2 thousand), a stark contrast to the +35 thousand inflows on average in the first half of the calendar year 2022. As such, the unemployment rate edged lower to 3.4% (June: 3.5%) due to the bigger fall in participation rate despite the job loss this month. While we are less inclined to give much weight to one poor jobs report, the softer print and the slight miss in the second quarter wages yesterday ramps up speculation of the Bank of Australia returning to its "business-as-usual approach" of 25 basis points hikes after three straight 50 basis points hikes.

Norwegian GDP bounced back from the two consecutive declines in April and May 2022, rising 0.3% month over month in June (market: 0.5: Norges Bank: 0.5%). Driving the print was solid growth in the services sector and a 0.8% month over month rebound in manufacturing and mining output (May: -3.6%). Combined with some upward revisions, this left the second quarter growth at 0.7% quarter over quarter (market: 0.7%, Norges Bank: 1.0%). In addition, Norges Bank hiked its policy rate by 50 basis points for the second consecutive meeting, bringing the policy rate to 1.75%, despite previously signaling that a 25 basis points hike would be most likely. The Committee also signaled that the policy rate will "most likely be raised further in September". The larger than forecasted rate hike came in light of the recent upside surprises in inflation. While the Committee noted that there is a risk that inflation could continue to accelerate further due to little spare capacity in the Norwegian economy and global price pressures, it also flagged that the rise in the policy rate could end up cooling down the economy faster than expected and that there is a risk of a sharper slowdown in global growth.

FINANCIAL CONDITIONS

The U.S. 2 year over 10 year treasury spread is now -0.26% and the U.K.'s 2 year over 10 year treasury spread is -0.15%. 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 5.13%. 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 volatility index ("VIX") is 23.67 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Creditors have better memories than debtors."*
~ Benjamin Franklin

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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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