OCTOBER 19, 2020

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND

PORTLAND 15 OF 15 ALTERNATIVE FUND COMPANY NEWS

Altice USA, Inc. raised its bid for Cogeco Inc. and Cogeco Communications Inc. to $8.4 billion, but the offer was immediately turned down by the Canadian cable firm's controlling shareholder. Louis Audet, president of Gestion Audem Inc., said in a statement that the family was not interested in selling their shares. Gestion is a private holding company that has 69% of Cogeco's voting rights. Altice's revised offer included CA$900 million (US$682 million) to the Audet family for their multiple classes of voting shares of both companies, as well as CA$123 per share for the remaining Cogeco subordinate voting shares and CA$150 per share for those of Cogeco Communications. Dexter Goei, chief executive officer of Altice, said the offer incorporated feedback from discussions with some shareholders. Goei asked the boards to consider the bid and engage to discuss their proposal. Altice first announced an unsolicited offer worth about $7.8 billion on Sept. 2. Its proposal would see Altice obtain the cable company's U.S. assets, Atlantic Broadband, and sell the rest to Toronto-based Rogers Communications.

In an email statement on Sunday, Rogers CEO, Joe Natale said that the revised offer provides significant additional value for all shareholders and upholds their commitment to CA$3 billion worth of investments over the next five years in Quebec, including maintaining the Cogeco brand and Cogeco's headquarters in Quebec.

In his statement on Sunday, Audet said that the members of the Audet family unanimously reject the new proposal. He also indicated that this is not a negotiating strategy, but a definitive refusal.

Gestion Audem holds 69% of the voting rights at public holding company Cogeco Inc., while Rogers has control over 13% of the votes. For Cogeco Communications, Gestion holds 83% of the votes and Rogers has 6%.

Ares Management Corporation – Front Yard Residential Corporation, an industry leading provider of high-quality and affordable rental homes, announced today that it has entered into a definitive merger agreement whereby a partnership led by Pretium Partners LLC and including funds managed by the Real Estate Equity and Alternative Credit strategies of Ares Management Corporation, will acquire Front Yard in a transaction valued at approximately $2.4 billion, including debt to be assumed or refinanced. "This transaction is an important development in the evolution of the single-family rental sector as the asset class continues to perform strongly and attract increasing amounts of institutional investment," said Don Mullen, Pretium's Chairman and CEO. "Pretium is proud of the role we have played in driving the growth and maturation of the industry, and we look forward to building on that track record with this acquisition. We welcome the Front Yard team to the Pretium family and we, along with our partners at Ares Management, will build on the significant progress they have achieved as we further invest in this business and apply our scale and strategic and operational expertise to deliver benefits for renters, communities, and investors." The transaction is expected to close in the first quarter of 2021.

Brookfield Asset Management Inc. – Canada's Brookfield Asset Management plans to launch an initial public offering (IPO) for its $1.4 billion Australian coal export terminal next week. Brookfield halted a dual-track divestment process for the Dalrymple Bay Coal Terminal Pty. Ltd. (DBCT) - considering both an IPO and a sale - in March because of coronavirus travel restrictions. Recent positive equity market conditions had swayed the decision to a public float. With an export capacity of 85 million tonnes per annum, DBCT services mainly low-cost metallurgical coal mines in Queensland's Bowen Basin, where it has take-or-pay contracts. Investors were pitched DBCT as a "low-risk" regulated utility with a "high stable yield", one source said, without specifying the dividend on offer. DBCT last month raised about $550 million via a BBB-rated bond issue to repay debt due next year.

Danaher Corporation – The U.S. government has entered an agreement with life sciences company Cytiva, a unit of Danaher, to expand the manufacturing of products needed to make COVID-19 vaccines, according to the U.S. Department of Health and Human Services (HHS). Under the deal, Cytiva will receive about $31 million to scale up manufacturing of vaccine-related products, including cell cultures and hardware such as bioreactors used for the culturing of cells and antibodies. The grant will help the company ramp up the manufacturing capabilities of its Massachusetts and Utah facilities. The U.S. government has to date agreed to pay more than $1.1 billion to purchase needles, syringes, vials and supply kits, as well as expand manufacturing capacity for COVID-19 vaccines and therapeutics in the United States, the HHS said. Cytiva is among the primary suppliers to several companies currently working with the U.S. government to develop COVID-19 vaccines.

Beckman Coulter Inc., a Danaher company and a global clinical diagnostics leader, announced that it was awarded funding by the Biomedical Advanced Research and Development Authority (BARDA) part of the office of the Assistant Secretary for Preparedness and Response at the U.S. Department of Health and Human Services, for a multi-center clinical trial to validate the ability of its Monocyte Distribution Width (MDW) hematology biomarker to aid in the rapid detection of Multisystem Inflammatory Syndrome in Children (MIS-C). Recently defined by the Centers for Disease Control and Prevention (CDC), MIS-C is a rare but severe complication seen in children following SARS-CoV-2 infection. The BARDA award will help fund a collaborative effort between Beckman Coulter and academic partners at Massachusetts General Hospital (MGH), Johns Hopkins University School of Medicine and the University of Florida to validate the effectiveness of the biomarker to detect MIS-C with a large, multi-center clinical trial to support regulatory submissions. Preliminary results from a study initiated at MGH earlier this year revealed that MDW has the potential to aid in the rapid detection of MIS-C. An abnormal MDW could potentially aid in triaging patients for care, starting treatment early and determining patient disposition. Initially reported as hyperinflammatory shock and "Kawasaki-like" illness, MIS-C has been observed to have overlapping features with toxic shock syndrome, atypical Kawasaki disease, macrophage activation syndrome, and cardiogenic and septic shock. Although most MIS-C patients survive with adequate intensive care, deaths have been reported. The long-term consequences of MIS-C are currently unknown.

D.R. Horton, Inc. - America's Builder, today announced the acquisition of Braselton Homes, the largest homebuilder in Corpus Christi, Texas. The homebuilding assets acquired include approximately 95 lots, 90 homes in inventory and 125 homes in sales order backlog. D.R. Horton also acquired control of approximately 840 lots through purchase contracts. For the twelve months ended September 30, 2020, Braselton closed 223 homes ($56.3 million in revenue) with an average home size of approximately 1,815 square feet and an average sales price of $253,000. D.R. Horton expects to pay approximately $23 million in cash for the purchase, and Braselton will operate as a separate division within D.R. Horton. Donald R. Horton, Chairman of the Board, said, "We are pleased to have Braselton Homes, their local management and employees join the D.R. Horton family. Their experienced, dedicated team and well-established building operations make Braselton a great addition as we continue to expand our footprint across Texas." Fred Braselton, President of Braselton Homes, said, "For over 70 years and 3 generations, the Braselton family has been building in the Corpus Christi Bay area. We are excited to join the largest homebuilder in the country and continue to provide quality homes to families in the Coastal Bend."

DIVIDEND PAYERS

Bunzl PLC - Trading in the third quarter is much stronger than expected with underlying constant currency growth of +8%, and organic growth of +4%. This compares to forecast -4.5% organic decline in 2nd Half overall. Overall the base-business improved sequentially, with a decline of -9.5% in Q3 (vs. -12% 1st Half). COVID-19 product sales remained strong (although lower than Q2), contributing +17.5% to the group. This implies sales of greater than £400m, in analysts' view, implying a growth rate of greater than 100% in COVID-19 product categories year/year (vs. greater than150% in 1st Half). New outlook: Revenue in 2nd Half is expected to grow strongly at constant foreign exchange, with 2nd Half margins slightly higher year/year. If one were to assume constant currency growth of +8% in 2nd Half (a continuation of Q3) and 2nd Half margins +5 basis points year/year; this implies full year trading profit approximately £705-710 million, approximately 7/8% above current estimates. Analysts would expect the continuation of stronger COVID-19 sales to also benefit Fiscal Year 2021 earnings numbers.

GO TO PORTLAND GLOBAL ALTERNATIVE FUND

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND

GO TO PORTLAND GLOBAL BALANCED FUND

LIFE SCIENCES

Novartis AG - The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has adopted a positive opinion and recommended granting marketing authorization of Leqvio for the treatment of patients with hypercholesterolemia (high cholesterol). Leqvio is a small interfering RNA (siRNA) that helps to lower low-density lipoprotein cholesterol (LDL-C, bad cholesterol), which could help improve outcomes for patients with atherosclerotic cardiovascular disease, a deadly form of cardiovascular disease. Administration works via in-office subcutaneous injection twice yearly. Novartis has obtained global rights to inclisiran via the acquisition of The Medicines Company that licensed inclisiran from Alnylam Pharmaceuticals, Inc. Final approval of Leqvio in Europe is expected in a couple of months. Inclisiran is also under review by the U.S. Food & Drug Administration (FDA) and other health authorities. FDA approval is expected in December 2020. If approved, inclisiran would be the first siRNA therapy to lower LDL which is a large market, albeit only if the drug has a positive effect on patient survival in the ORION 4 outcomes trial (2024 estimated).

OncoBeta® GmbH, a commercial stage Medical Device Company specialized in innovative epidermal radioisotope therapies for Non-Melanocytic Skin Cancers (NMSCs), announced that it has entered an exclusive Sales Referral and Distribution agreement with Grupo RPH to start Rhenium-SCT® (Skin Cancer Therapy) treatments in Brazil. As a leading brand in the Brazilian nuclear medicine market and one of the biggest of the sector in Latin America, Grupo RPH will employ its extensive knowledge on this area to introduce, distribute and service the Rhenium-SCT® therapy in Brazil. Under this agreement, Grupo RPH and OncoBeta® GmbH will work together sharing one mission: to promote the quality of life to patients with non-melanoma skin cancer. The global incidence of non-melanoma skin cancers has been drastically increasing over the past decades. Depending on the source, it is estimated that there are over 5 million non-melanoma skin cancer cases reported globally each year. NMSC is one of the most common forms of cancer in Brazil. Presently the number of newly diagnosed cases in Brazil is approximately 200,000 annually. It is expected that this number will increase dramatically over the next few years. Grupo RPH Managing Director, Rafael Madke stated, "Grupo RPH is very glad to establish the partnership with OncoBeta® GmbH. The Rhenium-SCT® is a ground-breaking technology that will change the therapeutic practice of non-melanoma skin cancer. This agreement sets the start of a long-term partnership between Grupo RPH and OncoBeta® GmbH to bring other innovative technologies to Brazil" Operating since 2004, Grupo RPH commercially delivers eight different Cold Kits for Technetium-99m and Gallium-68 preparation for the Brazilian market. Grupo RPH is also the proud owner of the only private-owned fully Good Manufacturing Practice production facility in Brazil for nuclear medicine products. Grupo RPH's products are sold throughout the whole Brazilian territory, serving nearly 400 customers on a daily basis. Grupo RPH is also a pioneer of the Centralized Radiopharmacy model in Brazil.

Roche Holding AG - 9 months 2020 Group reported sales of CHF 43.979 billion misses consensus by 1.3%. Of the two divisions - Pharma and Diagnostics - the miss is driven by the Pharma division (-1.8%). Within Pharma, lower sales are mainly from the 3 key oncology products that suffer from biosimilar erosion and COVID-19: Mabthera (-3% vs estimates), Herceptin (-5.8% vs estimates), and Avastin (-3.4% vs estimates). Lucentis also continues to suffer from the pandemic. On the other hand, Ocrevus beat estimates by 2.4% and Hemlibra by 1%. Tecentriq performed in-line with estimates. For Q3 2020, biosimilar erosion continued in the U.S. and Europe. In the U.S., Herceptin suffered from a steeper erosion than anticipated, while Rituxan and Avastin performed more or less as expected. In Europe, the Avastin fell short of estimates, while Mabthera and Herceptin held up better. During Q3 2020, the pandemic recovery continued and we see particularly strong growth in Diagnostics, grew +18%, driven by COVID-19 testing offsetting the decline in routine testing. Roche's main growth drivers Ocrevus, Hemlibra and Tecentriq all beat estimates. The miss versus estimates derives mainly from a steeper biosimilar erosion.

Roche Holding AG - The FDA granted Venclexta + chemo full approval in Acute Myeloid Leukemia (AML), based on phase 3 confirmatory trials VIALE-A and -C. AML is the most common type of aggressive leukemia in adults, which has the lowest survival rate for all types of leukemia. The FDA already granted Venclexta + chemo accelerated approval in Nov 2018 on phase 1/2 study results. In late Feb. 2020, one of the confirmatory trials, VIALE-C, failed. Later, in March, the confirmatory VIALE-A trial read out positively. Venclexta is a first-in-class targeted medicine designed to selectively bind and inhibit the B-cell lymphoma-2 (BCL-2) protein that, in some blood cancers/ tumors, builds up and prevents cancer cells from dying or self-destructing, a process called apoptosis. Venclexta blocks the BCL-2 protein and works to help restore the process of apoptosis. Venclexta is being developed by AbbVie Inc. and Roche. It is jointly commercialized by the companies in the U.S. and commercialized by AbbVie outside of the United States. As accelerated approvals generally need to be confirmed by other clinical trials, it was not a given what would happen following the failed VIALE-C trial. As assumptions had been that the drug would stay on the market, this news does not trigger any price target or rating change in analysts' view.

ENERGY SECTOR

Occidental Petroleum Corporation expects global oil supply and demand to rebalance by the end of 2021, according to its chief executive addressing the Energy Intelligence Forum. U.S. crude oil output will grow modestly next year, CEO Vicki Hollub said. Oil demand and prices have tumbled this year as a glut of oil hit the market just before the COVID-19 pandemic swept the globe. Oil demand has rebounded to around 94 million barrels per day (bpd), but will take some time to return to 100 million bpd. The world will get to peak supply before peak demand, she said. Occidental acquired rival Anadarko Petroleum Corporation last year in a $38 billion bet on rising demand and price that left it heavily indebted as consumption tumbled. The company had about $40 billion in debt earlier this year, though, according to Hollub, the company had reduced its debt by $7 billion.

ECONOMIC CONDITIONS

The International Monetary Fund (IMF) is forecasting a somewhat less severe recession than it predicted in June. The change in the outlook applies to both the global economy and the U.K. But the IMF says in its World Economic Outlook that the global economy is still in deep recession and the risk of a worse outcome than in its new forecast is "sizable". For Britain, the IMF now predicts the economy will decline by 9.8% this year. The June forecast was 10.2%. However, the rebound expected next year is also more moderate. In the case of the U.K., that downgrade is similar to the upgrade for this year. Beyond the G20, India is likely to also experience a deeper decline this year than the U.K. So is Spain. Tourism-dependent economies are in a "particularly difficult spot", the report notes. (Source: BBC)

Canada - Last week Reuters reported that Canadian manufacturing sales fell by 2.0% in August, following three months of consecutive gains, dragged down by a pullback in automobile and parts sales, Statistics Canada (StatCan) stated last week. According to the article, the decline was in line with StatCan's preliminary estimate for the month, but below analyst expectations of a drop of 1.4%. Manufacturing sales remain 6.6% below pre-pandemic levels, StatCan said. StatCan highlights that the largest declines were in transportation equipment, down 13.7%, mostly on lower sales of motor vehicle assembly and parts. Excluding transportation equipment, factory sales rose 1.1%. The article notes that rising virus spread is raising downside risks, as new COVID-19 infections in Canada have jumped in recent weeks, prompting some provinces to impose targeted shutdowns in hot spots trying to curb the spread. Manufacturing sales fell in four provinces in August, led by a 4.8% decline in Ontario, Canada's auto manufacturing hub. Sales declined in nine of the 21 industries tracked by Statistics Canada.

U.S. retail sales accelerated 1.9% in September, more than double expectations, following a 0.6% advance in August. This put sales 5.4% above year ago levels. After delaying purchases in earlier months, shoppers loaded up on clothing (11.0%, though still down 12.5% year/year). Auto dealers racked up 4.0% more sales, lifting their yearly pace to 11.1%. As well, demand for sporting goods, hobbies, music and books remained strong, with the broad category jumping another 5.7% to push its yearly advance to 14.4%...one of the best performing categories as people look toward outdoor recreation and indoor activities to spend their time. Also seeing good gains were furniture and home furnishing stores, health and personal care, and, because we are driving a little more, gasoline stations. Restaurant and bars did 2.1% more business, but the sector is still down 14.4%... still one of the hardest-hit industries. Online sales remained brisk, but the earlier frantic pace has cooled, with non-store retail receipts up 0.5% month/month and 23.8% year/year. After declining 0.3% in August, the control measure of retail sales that feeds into personal spending snapped back 1.4% month/month and is up 9.1% year/year. This points to a strong gain of around 0.7% in September personal spending in our view.

U.S. industrial production unexpectedly fell 0.6% in September, as output of consumer goods, business equipment and nonindustrial supplies suffered a setback following some solid gains in the prior months. There were upward revisions to July and August but the September drop leaves the index back to June levels. Utilities was down a sharp 5.6% (second decline in a row), as was suggested by the drop in work hours. Manufacturing, which accounts for ¾ of total industrial production, also took a step back (-0.3%) but this was entirely due to autos. Motor vehicle and parts production slumped 4.0%, which is odd considering that auto assemblies were strong. Excluding autos, manufacturing was flat. Mining was the only major category to keep busy, with output up 1.7% in the month, but down a steep 14.8% below a year ago. Despite the setback, it was a strong quarter for broader production... up 8.7% after a terrible first half. But the weak handoff to Q4, along with the rising rate of infections as the fall began, points to slower growth in our view.

China's September data was generally strong in analysts' view, with retail sales rising 3.3% year/year (consensus expected 1.6%), industrial output up 6.9% year/year, (consensus expected 5.8%), unemployment rate falling as expected to 5.4%, fixed assets up 0.8% YTD year/year (consensus expected 0.9%) and property investment up 5.6% YTD year/year (consensus expected 5.2%). Q3 GDP disappointed, coming in at 4.9% year/year (consensus expected 5.5%) but this is backward looking. Economic momentum has continued to pick up as reflected in a whole swathe of Chinese data recently, and in particular, the demand side of the economy is catching up quickly with the supply side. There are still risks ahead such as renewed external weakness and slow recovery in low income households, but nonetheless, China's growth engine looks like it's beginning to fire on all cylinders.

FINANCIAL CONDITIONS

The international community must do more to tackle the economic fallout of the COVID-19 crisis, the head of the International Monetary Fund said on Monday, publicly calling on the World Bank to accelerate its lending to hard-hit African countries. Some of the key events of the virtual and elongated annual meetings of the IMF and World Bank took place last week, with the most pressing issue how to support struggling countries. "We are going to continue to push to do even more," IMF Managing Director Kristalina Georgieva said during an online Financial Times Africa summit. (Source: Reuters)

Five European Central Bank policymakers, including President Christine Lagarde, floated proposals on Wednesday for changing how the European Central Bank (ECB) goes about the business of steering price growth in the euro zone. With the ECB in the middle of its first strategic review in nearly two decades, proposals ranged from buying more green bonds to letting inflation overshoot the symbolic 2% threshold -- to doing nothing at all. The ECB has undershot its goal of keeping price growth "below but close to" 2% for nearly a decade. And just as the coronavirus pandemic causes prices to fall, it is now debating whether and how to change that target. (Source: Reuters)

The Reserve Bank of Australia (RBA) has effectively "green lit" risk-taking on property investment, and the biggest change in policy in 27 years has not only triggered a home loan war but also raised the prospect of another house price bubble. A day after RBA governor Philip Lowe's bombshell speech, mortgage lenders were preparing for an intensification of an already "brutal" battle for market share and a resulting sharp increase in home prices. Dr. Lowe said record low rates were locked in for "at least" another three years because the bank would not raise them until the actual, not forecast, target inflation was reached, and that further easing and rising asset prices could help boost jobs and economic growth. (Source: Australian Finance Review)

The U.S. 2 year/10 year treasury spread is now 0.62% and the U.K.'s 2 year/10 year treasury spread is 0.25%. 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 2.81%. Existing U.S. housing inventory is at 3.3 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 27.39 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally

" In the midst of chaos, there is always opportunity" Sun Tzu

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Glossary of Terms: 'boe' barrel of oil equivalent, a measurement of a unit of energy, 'boed' refers to barrel of oil equivalent per day, 'CET' core equity tier, 'EBITDA' earnings before interest, taxes, depreciation and amortization, 'EPS' earnings per share, 'FCF' free cash flow, 'GDP' gross domestic product, 'netback' is a measure of oil and gas sales revenues net of royalties, production and transportation expenses and is used to compare performance in the oil and gas industry, 'ROE' return on equity, 'ROTE' return on tangible equity, 'ROTCE' return on tangible common equity.

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Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel.:1-888-710-4242 • www.portlandic.com • info@portlandic.com

PIC20-062-E(10/20)