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# NEWS HIGHLIGHTS

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

**MAY 16, 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

**Brookfield Asset Management Inc. ("Brookfield")** – Brookfield said it will separate and list 25% of the stake in its asset management unit, months after the Toronto-based company said it was considering the move to open up growth options. The company will initially hold a 75% stake in the new entity, with the rest distributed to its current shareholders by the year end, Brookfield said. Both the parent company and the separated unit will trade on the New York Stock Exchange and the Toronto Stock Exchange, the company said. In February, Brookfield Chief Executive Officer ("CEO") Bruce Flatt wrote in a letter to shareholders the company was "asset-heavy" compared to most of its peers, and that dimmed its appeal to some. The split could also potentially attract interest from investors who do not want exposure to Brookfield's other units, such as the reinsurance business launched last year, Flatt wrote at the time. Brookfield also announced financial results for the quarter ended March 31, 2022. Nick Goodman, Chief Financial Officer ("CFO") of Brookfield, stated: "Financial results in the first quarter were very strong, and thanks to our extensive global holdings of inflation protected cash-generating assets, our results are accelerating in the current macro environment. Distributable earnings were US$1.2 billion, supported by growth in our asset management franchise and strong underlying performance across our businesses. Fundraising momentum remains strong, with fee-bearing capital standing at $379 billion at the end of the first quarter. We also expect material fund closes in the second quarter and balance of 2022." Funds from operations ("FFO") and net income totaled $1.6 billion and $3.0 billion for the first quarter. Total operating FFO increased by 43% to $1.1 billion compared to the prior year quarter, driven by the growth in asset management earnings, contributions from new acquisitions and the benefit of an increased ownership in its real estate business that was privatized last year. Distributable earnings ("DE") were $1.2 billion for the quarter and $5.0 billion over the last twelve months. DE before realizations were $947 million for the quarter and $3.7 billion over the last twelve months, representing an increase of 28% compared to the prior year last twelve months. The growth in DE before realizations was driven by higher fee-related earnings based on strong fundraising and capital deployment efforts and increased distributions from our principal investments.

**Danaher Corporation ("Danaher")** – Danaher announced that it has joined the Bespoke Gene Therapy Consortium ("BGTC"). Launched in October 2021, the BGTC will generate gene therapy resources that the research community can use to streamline gene therapy development for rare disorders, making the process more efficient and less costly. Danaher's Life Science companies join the Food and Drug Administration ("FDA"), the National Institutes of Health (NIH), twelve pharmaceutical and biotech companies and nine non-profits, and will be represented by experts from Danaher and its companies, notably Pall Corporation, Aldevron and Cytiva. The project is managed by the Foundation for the National Institutes of Health ("FNIH") as part of the Accelerating Medicines Partnership® program. "Danaher's companies have a history of working with drug developers to provide new technologies and services that enable the advancement of breakthrough genomic medicines," said Sadik Kassim, Chief Technology Officer ("CTO") of Genomic Medicines for the Life Sciences companies at Danaher. "We are committed to continuing our work in this space and to collaborating with the NIH, FDA, and like-minded industry partners to accelerate the development of platform technologies and diagnostics that enable the next generation of breakthrough therapies." The BGTC was formed in response to shortcomings in the current drug development model that make it difficult for companies to recover the costs required to develop gene therapies to treat rare and ultra-rare diseases.

**Nomad Foods Limited ("Nomad Foods")** – Nomad Foods reported financial results for the three month period ended March 31, 2022. Key operating highlights and financial performance for the first quarter 2022, when compared to the first quarter 2021, include reported revenue increase of 3.6% to €733 million (US$764 million), organic revenue decline of 4.5%, reported profit for the period of €56 million (US$58.3 million), adjusted EBITDA decrease of 4.4% to €132 million (US$137.6 million), adjusted EPS decrease of 8.5% to €0.43 (US$0.45). Stéfan Descheemaeker, Nomad Foods' CEO, stated, "In our first quarter results, we performed well against challenging pandemic comparisons and a difficult macro backdrop, proving the strength of our business model. The Ukraine conflict created dislocations across our supply chain, and I am proud of how well our team delivered under difficult circumstances. We achieved total revenue growth of 3.6% while showing positive market share momentum and maintaining our focus on innovation. We have rapidly adjusted to inflationary changes in the market and plan to recoup rising input costs through more price increases this year while remaining hedged on key inputs for 2022 and beyond. As a result, we are on pace to deliver another year of double-digit Adjusted EPS growth, expecting €1.71-€1.75 for the year. We continue to be on track to deliver our €2.30 EPS target for 2025." Noam Gottesman, Nomad Foods' Co-Chairman and Founder, commented, "We formed Nomad Foods as a resilient business that would invest in people, brands and growth while maintaining a disciplined capital allocation strategy. Amid recent macro challenges, we remain confident in the Nomad model and we see great opportunities still ahead. We are gaining market share while staying focused on investment in key areas of the business, especially supply chain. We are pleased with the on-going integration of Fortenova's frozen food business and see upside in that exciting enterprise. Overall, we remain focused on a balanced and flexible strategy of smart acquisition and share repurchases to compound the success of our operating results for shareholders. We believe we are well positioned for 2022 and for growth in the longer-term."

**Vodafone Group Plc ("Vodafone")** – On Saturday, Emirates Telecommunications Group Company PJSC ("e&") announced that it bought a 9.8% stake in Vodafone for US$4.4 billion, offering about 130 pence (US$1.59) a share, according to Bloomberg. The price represents a premium of about 10% to Friday's closing price for Vodafone shares, which have been trading at only about half of their 2018 high.

The United Arab Emirates ("UAE") based technology company, formerly known as Etisalat Group and now called e&, says it's just pursuing global diversification. It said it wants to remain a long-term investor and won't make an offer for the rest of Vodafone. State-controlled e& made the investment in Vodafone to gain significant exposure to a world leader in connectivity and digital services and wants to develop opportunities for commercial partnerships, the company said in a stock exchange statement on Saturday. Vodafone oversees a large portfolio across more than 20 countries serving over 300 million wireless customers. Its European operations include units in the U.K., Germany, Italy and Spain. Vodafone is also a major player in sub-Saharan Africa and has a joint venture in India. While Vodafone's shares were up almost 5% this year through Friday, they're not far from the lows of the dot-com crash in 2002, leaving it susceptible to pressure from activists such as Cevian. Vodafone is particularly on the lookout for deals in the UK, Spain, Italy and Portugal to consolidate and increase scale. Recently, e& has been stepping up deal activity after focusing on organic growth in recent years. The company is seeking to buy out the rest of its Saudi Arabian unit in a $2.1 billion deal and has built a presence in several emerging markets in Asia and Africa.

**SoftBank Group Corp. ("SoftBank")** – In light of the recent sell off in the tech sector, SoftBank investors have been bracing for steep losses in the Vision Fund businesses, SoftBank's share price surged after the announcement of the results. The stock rallied as much as 12% on Friday, May 13, for its biggest such gain in six months, a sharp reversal after Thursday's 8% drop. The influential analyst from Nomura Securities, Daisaku Masuno, said the decline in SoftBank's loan-to-value ratio of 20.4% left a "positive" impression. On Thursday, May 12, SoftBank reported a record annual loss at its Vision Fund unit as a selloff in tech shares pummeled the value of its portfolio companies. The Vision Fund swung to a loss of 2.64 trillion yen (US$20.4 billion) for the year ended March 31, compared with a 4.03 trillion yen (US$31 billion) profit in the previous year. Despite the somber numbers, investors honed in on Son's emphasis on "defensive driving." Son explained in a slide that the company has allocated 2.9 trillion yen (US$22.4 billion) of cash, or roughly twice the 1.3 trillion yen (US$10 billion) due for bond redemptions in fiscal 2022 and 2023. Recent stock falls also makes it an opportune time for the Japanese conglomerate to accelerate its plan to buy back stocks. The company has pledged to buy back as many as 250 million shares for up to 1 trillion yen ($US7.7 billion) by November 8.

Expectations over continued share buybacks, along with signs of recovery in U.S. technology heavyweights, are factors supporting the stock, according to analysts who cover the sector.

**Meta Platforms Inc. ("Meta")** - Meta's Facebook attacked Germany's competition watchdog for taking an "all-or-nothing approach" conflating data protection and antitrust law to seek an unprecedented overhaul of the firm's business model. The Federal Cartel Office's strategy led to a "clearly flawed" decision in 2019 targeting Meta's practices, lawyers for Meta told the European Union's Court of Justice at a hearing on Tuesday, May 10. The EU court challenge is key to Facebook's attempts to overturn the 2019 crackdown, which imposed changes to how it tracks users' web browsing. The EU court's ruling on the legality of the German authority's move could guide authorities across the region as the EU seeks to bolster oversight of Silicon Valley's tech giants. The case comes as the EU has adopted sweeping new rules aimed at preventing tech "gatekeepers" from abusing their market power. On Tuesday, Meta accused the watchdog of violating a key EU principle of "sincere cooperation," by failing to include the Data Protection Authority in Ireland, where Meta has its EU base, in its investigations before adopting a final decision. The EU's General Data Protection Regulation, which took effect in 2018, gave data watchdogs unprecedented fining powers and also made those authorities, where a firm has its EU base, the main supervisor for them. The challenge comes as Facebook was added to a list of big tech companies that are subject to the German regulator's beefed-up supervisory powers, following a similar move against Alphabet Inc. and its Google unit earlier this year. Advocate General Athanasios Rantos of the EU court said he would issue a non-binding opinion about Tuesday's case on September 20, 2022.

**Samsung Electronics Co., Ltd. ("Samsung")** - Samsung. is talking with foundry clients about charging as much as 20% more for making semiconductors this year, joining an industry-wide push to hike prices to cover rising costs of materials and logistics. Contract-based chip prices are likely to rise around 15% to 20%, depending upon the level of sophistication, according to people familiar with the matter, who asked not to be identified due to the sensitivity of the issue. Chips produced on legacy nodes would face bigger price hikes, they said. New pricing would be applied from the second half of this year, and Samsung has finished negotiating with some clients, while it is still in discussions with others, the people said. Samsung's decision is a shift from its relatively stable pricing policy last year, when the industry rushed to raise prices in the wake of a global chip shortage. The company is facing multiple macro risks such as the war in Ukraine, lockdown measures in China, rising interest rates and inflation. That's throwing a wrench into business plans typically made a few years in advance. The move translates into additional pressure on makers of smartphones, cars and game consoles to lift the prices consumers pay. Samsung and Taiwan Semiconductor Manufacturing Company, Limited ("TSMC") account for more than two-thirds of global capacity for outsourced chips. Manufacturing costs for chipmakers are now rising at about 20 to 30% on average on all fronts, from chemicals, gas and wafers to equipment and construction materials. Contract chip manufacturers including TSMC and United Microelectronics Corporation ("UMC") are warning clients that they plan to raise prices by a mid-to-high single digit percent, on the heels of a price hike several months ago. The industry leader TSMC has told clients that it plans to raise prices by about 5% to 8% from 2023, following a 20% price hike last year, according to the Nikkei Asian Review. UMC is also planning another round of 4% price hikes in the second quarter. The industry expects overall foundry demand to exceed supply, which will remain tight for the next five years.

**Reliance Industries Limited ("Reliance")** - Britain's Issa brothers and Mukesh Ambani are preparing to face off in the final battle for the Boots drugstore chain. The Issas are seen as the party to beat ahead of this week's deadline for proposals, after they submitted the highest offer in the first round, people with knowledge of the matter said. They are going up against Ambani, who's been working on a bid together with buyout firm Apollo Global Management Inc. Bidders are now assessing Boots' billions in pension guarantees, which they'll have to take on, as they figure out how much they can pay for the business, the people said. They're also working to arrange financing in a difficult market, which has gotten that much tougher due to the war in Ukraine, soaring inflation and rising interest rates, according to the people. The deadline to firm up the bids has been extended to May 16 in order to give parties a few extra days to complete the work.

## DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

**Bayer AG ("Bayer")**: Results for the first quarter ("Q1") of 2022 were strong in our view with sales +14%. Crop, and glyphosate pricing in particular, was responsible for the majority of the beat versus ("vs.") consensus (as well as a smaller contribution from the beat in Consumer). Crop sales grew 22% to €8.447 billion (US$8.814 billion) (10% beat vs consensus). Reported sales growth of 27% was comprised of 5.7% vol/15.9% price/5.5% FX. This more than offset the 8% earnings before income, taxation, depreciation, and amortization ("EBITDA") miss in Pharma due to launch investments. Crop benefited from strong pricing as expected, however we expect this to normalise in the latter half of the year as (i) seed prices set in Aug/Sept 2021 annualise, and (ii) we assume glyphosate prices normalise (currently supported by supply shortage). Indeed, we understand that 50% of the organic sales growth in crop came from higher glyphosate pricing. Core EBITDA +27.5% (13% beat), core earnings before income and taxation ("EBIT") +36.0% and core earnings per share ("EPS") +36% (18% beat). We understand there was approximately €200 million (US$208 million) of impact from cost inflation in the quarter, which we could expect to persist for the foreseeable future. Fiscal year ("FY") 2022 guidance is for 5% underlying sales growth at a 26% EBITDA margin and core EPS of €7.10 (US$7.41). Bayer cites uncertainties on supply chains and energy prices for the remainder of the year. Bayer noted that Russia/Ukraine did not negatively impact the group in Q1 (the region accounts for approximately 3% of sales).

Representing the Biden administration, the US Solicitor General, Elizabeth Prelogar, has recommended that the Supreme Court of the United States ("SCOTUS") does not accept Bayer's appeal to review the Hardeman (plaintiff) Roundup case. The SCOTUS case acceptance rate is already very low (<1% of cases), this may reduce the likelihood of case acceptance further. It is worth noting, however, that rejection is Bayer's base case assumption. Bayer have already made provisions in anticipation of case rejection. The question is now if there could be further push back on Bayer's future cases resolution strategy. In response to the Solicitor General amicus brief, Bayer has reiterated its views that the SCOTUS should take this issue up and said it will file an additional brief with the court. The key focus is the approximately US$6.5 billion of provisions for future cases already taken. We had previously explored the possibility to also remove the remaining unpaid settlement claims (estimated to be $2.7 billion) from the initial settlement provision of $9.6 billion but we now see the likelihood of this as de minimis. It is estimated that Bayer currently trades with an approximately 30% conglomerate discount vs. 15% pre-Monsanto, based on enterprise value ("EV")/EBITDA. Increased certainty could improve this discount, even if that means increased certainty but on a slightly higher level of known future payments.

**Compass Group PLC. ("Compass")**: Half year ("HY") results announcement for the six months ended 31 March 2022:

| | Underlying results | | | Statutory results | | |
|---|---|---|---|---|---|---|
| **HY 2022** | **HY 2022** | **HY 2021** | **Change** | **HY 2022** | **HY 2021** | **Change** |
| **Revenue** | £11.6bn | £8.4bn | 37.9% | £11.5bn | £8.4bn | 36.3% |
| **Operating profit** | £673m | £287m | 134.5% | £638m | £168m | 279.8% |
| **Operating margin** | 5.8% | 3.4% | 240bps | 5.5% | 2.0% | 350bps |
| **Earnings per share** | 26.9p | 9.5p | 183.2% | 26.7p | 5.6p | 376.8% |
| **Operating cash flow** | £557m | £486m | 14.6% | £663m | £563m | 17.8% |
| **Free cash flow** | £360m | | £359m | | 0.3% | |
| **Interim dividend per share** | | | 9.4p | | | |

1£ = C$1.58 as of Monday, May 16, 2022
https://www.currency.me.uk/convert/gbp/cad

**Half year performance summary** : Second quarter ("Q2") underlying revenue at 99% of 2019 revenues with run rate now above pre-COVID level; Organic growth of 37.9% driven by strong performance in North America and Europe; Net new business growth, total in HY 2022 exceeds entire FY 2021 net new business; Operating margin of 5.8%, an increase of 240 basis points ("bps") on HY 2021; Leverage further reduced to 1.3x net debt/EBITDA, back within target range; Commencing a share buyback programme with up to £500 million (US$615.8 million) this calendar year. Operational highlights: Strong growth across all sectors, with notable volume recovery in Business & Industry and Education; Record new business wins of £2.5 billion (US$3 billion) over the last 12 months, with broad based growth across all regions; Client retention rate at highest ever level of 95.8%; and Net M&A expenditure of £109 million (US$134 million), further increasing our presence in delivered-in solutions Outlook; Increasing FY 2022 organic revenue guidance from 20 – 25% to around 30%; and margin guidance remains unchanged; expect FY 2022 underlying operating margin to be over 6%, exiting the year at around 7%

**The Walt Disney Company ("Disney")**: Q2 Highlights: Although revenue technically missed (US$19.2 billion vs. $20.1 billion), it was primarily due to $1.0 billion in forgone licensing as Disney shifts content more to streaming. Both Parks & Linear Networks generated strong results, with segment Operating income well ahead of consensus ($3.7billion vs. $3.4 billion). This was partially offset by misses in the Content & Licensing segment (again, lower licensing). Disney+ fiscal second quarter ("FQ2) Subscriptions: While headline FQ2 net adds beat (7.9 million vs. 5.2 million), domestic & international Disney+ adds were in-line (approximately 3.7 million combined) with lower quality average revenue per unit ("ARPU") Hotstar subs driving the beat. Management reiterated its guide to higher net adds in the second half of the year ("2H") vs. the first half of the year ("1H") and overall, management confirmed its lead tiem ("LT") target of 230-260 million Disney+ subs by fiscal year 2024. While there's been years of speculation around the feasibility of taking ESPN from a linear network to a full streaming product, the consensus view has been that it's tough to make the economics work. ESPN enjoys substantial affiliate fees (approximately$9/subscriber/month) that are locked in over 5-10 year contracts, for a pay-TV subscriber base that dwarfs ESPN viewership. That said, Bob Chapek, CEO of Disney, all but confirmed today that there is a transition happening, but only if the economics are accretive for shareholders. We think the implications for Disney, and the entire pay-TV ecosystem, are significant should ESPN pull out of the bundle - but we weren't given any color on timing, structure, or economics. Disney Parks, Experiences and Products ("Parks") had another robust quarter with revenue ($6.7 billion vs.$6.3 billion) and Operating Income ($1.8 billion vs.$1.7 billion) ahead thanks to domestic strength with per capita spending 40% higher than 2019 and 20% over F2Q 2021 due in large part to the new Genie+ product. Paris has had a resurgence as well, but Hong Kong & Shanghai remain in headwinds with the latter closed quarter to date ("QTD") due to COVID-19. Management expects a $350 million adverse impact from Asian parks in the fiscal third quarter ("F3Q").

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**BridgeBio Pharma Inc. ("BridgeBio")** – BridgeBio., a commercial-stage biopharmaceutical company focused on genetic diseases and cancers, announced that it has entered into a definitive agreement to sell its priority review voucer ("PRV") for US$110 million. The company received the voucher in February 2021 under a U.S. FDA program intended to encourage the development of treatments for rare pediatric diseases. BridgeBio was awarded the voucher when its affiliate, Origin Biosciences Inc., received approval of NULIBRY (fosdenopterin) for injection as the first therapy to reduce the risk of mortality in patients with molybdenum cofactor deficiency (MoCD) Type A. In connection with the PRV sale, BridgeBio has executed an amendment to its existing senior secured credit facility, extending the interest-only period by two years and principal repayment to November 17, 2026. The company received consent for the PRV sale from its lenders with all proceeds retained by BridgeBio. BridgeBio retains access to up to $100 million in delayed debt draws through year end 2022, subject to certain conditions. The amendment was approved unanimously by existing lenders in the syndicate without adjusting pricing and without imposing financial covenants. "The sale of this voucher will help us advance our pipeline of drug development programs targeting genetic diseases and cancers," said Brian Stephenson, Ph.D., CFA, BridgeBio's CFO. "We believe this deal, coupled with our amended loan agreement, offers us the opportunity to read out more data within the duration of our debt and advance meaningful medicines to patients in need in the years to come." BridgeBio also announced an exclusive license with Bristol Myers Squibb to develop and commercialize BBP-398, a potentially best-in-class SHP2 inhibitor, in oncology. Under the terms of the agreement, BridgeBio will receive an upfront payment of $90 million, up to $815 million in development, regulatory and sales milestone payments, and tiered royalties in the low- to mid-teens. BridgeBio will retain the option to acquire higher royalties in the United States in connection with funding a portion of development costs upon the initiation of registration studies. Based on the terms of the agreement, BridgeBio will continue to lead its ongoing Phase 1 monotherapy and combination therapy trials. Bristol Myers Squibb will lead and fund all other development and commercial activities. "We are grateful to be expanding our collaboration with Bristol Myers Squibb, a leader in oncology, and we believe this agreement will allow us to reach even more patients with difficult-to-treat cancers. We believe our SHP2 inhibitor has the potential to be a best-in-class agent given the data we have seen, and we are eager to see our monotherapy and combination trials progress in collaboration with our partners at Bristol Myers Squibb," said Neil Kumar, Ph.D., founder and CEO of BridgeBio. SHP2 is a protein-tyrosine phosphatase that links growth factor, cytokine and integrin signaling with the downstream RAS/MAPK pathway to regulate cellular proliferation and survival. Over activity of SHP2 is a critical contributor to many forms of cancer, a mechanism of resistance to several targeted therapies, and can suppress antitumor immunity. In July 2021, BridgeBio initially announced a non-exclusive, co-funded clinical collaboration with Bristol Myers Squibb to evaluate the combination of BBP-398 with OPDIVO® (nivolumab) in patients with advanced solid tumors with Kirsten rat sarcoma virus ("KRAS") mutations. BridgeBio is currently advancing its Phase 1 clinical trial in patients with solid tumors driven by mutations in the mitogen-activated protein kinases ("MAPK") signaling pathway, including rat sarcoma virus ("RAS") and receptor tyrosine kinase genes.

**Lantheus Holdings, Inc. ("Lantheus")** – Lantheus,an established leader and fully integrated provider committed to innovative imaging diagnostics, targeted therapeutics and artificial intelligence solutions to "Find, Fight and Follow" serious medical conditions, presented results from a retrospective analysis of quantitative PYLARIFY® (piflufolastat F18) prostate specific membrane antigen ("PSMA") scan indices as a response imaging-biomarker to androgen deprivation therapy in veterans with newly diagnosed metastatic prostate cancer. Using PYLARIFY AI™ to locate PSMA-avid lesions and track changes over time, investigators were able to determine that the change in the automated PSMA scan indices for total lesion volume, and also separately in bone and lymph node were all significantly consistent with prostate specific antigen ("PSA") response following therapy. The findings support further exploration of PYLARIFY AI as a tool to quantify treatment response not only in the overall disease burden but also at the lesion level. "PSMA imaging is quickly becoming an essential tool in our management of prostate cancer and PYLARIFY AI has the ability to reproducibly and rapidly quantify disease burden. I think it can be used to address many limitations of conventional imaging including in the assessments of response to therapy," said Nicholas G. Nickols, MD, PhD, and Associate Professor in Radiation Oncology at UCLA, who led the study and presented the findings. "Of particular interest, this study reveals a method for measuring treatment response in bone using PSMA PET imaging, which may ultimately lead to improving patient outcomes." "As the use of PSMA PET imaging becomes more widespread and used to guide treatment decisions, capturing the data to produce quantifiable and reproducible insights across the treatment spectrum will be essential," said Jean-Claude Provost, MD, Interim Chief Medical Officer, Lantheus. "This study demonstrates the power of PYLARIFY AI in augmenting the value of each scan and highlights the role PYLARIFY AI may play in assisting clinicians in determining the best path forward for treating individual patients."

**POINT Biopharma Global Inc. ("POINT Biopharma")** – POINT, a company accelerating the discovery, development, and global access to life-changing radiopharmaceuticals, announced details of the initial clinical trial in the company's pan-cancer Fibroblast Activation Protein-α (FAP-α) targeted program PNT2004, FRONTIER. FRONTIER stands for "FAPi Radioligand OpeN-Label, Phase 1 Study to Evaluate Safety, Tolerability and DosImetry of [Lu-177]-PNT6555; A Dose Escalation Study for TReatment of Patients with Select Solid Tumors". The Phase 1 clinical trial is expected to commence in summer 2022 in Canada and will use a gallium-68 (68Ga)-based PNT6555 molecular imaging agent to select patients to receive a no-carrier-added (n.c.a.) lutetium-177 (177Lu)-based PNT6555 therapeutic agent. The Phase 1 clinical protocol will evaluate PNT6555 in about 30 patients in five FAP-avid cancer indications: colorectal, pancreatic, esophageal, melanoma, and soft tissue sarcoma. "We believe radiopharmaceuticals are on the verge of a revolution," said Dr. Joe McCann, CEO of POINT Biopharma. "For most of their existence, therapeutic radiopharmaceuticals have been limited to small, orphan indications. Drug candidates like PNT6555 could exponentially increase the number of patients which could benefit from this treatment modality. FAP-α is an extremely exciting target for therapeutics. It is present in greater than 90% of epithelial tumors, which include many of the highest prevalence forms of cancer. Not only would better imaging to detect metastatic disease enable more cancers to be treated earlier, but the capability of delivering radiation directly to a wide variety of cancers could also revolutionize treatment paradigms." FRONTIER will be the first in-human trial of PNT6555, while additional preclinical studies are in development and include other therapeutic isotopes such as actinium-225 (225Ac). POINT Biopharma also issued its Q1 2022 financial results and provided a business update. "There were two very significant milestones for POINT in the first quarter of 2022," said Dr. Joe McCann, CEO of POINT Biopharma. "First, we began supplying doses for the SPLASH trial out of our company-owned manufacturing facility. Second, we reported very encouraging dosimetry data from our Phase 3 SPLASH trial lead-in phase which is evaluating PNT2002 in pre-chemotherapy metastatic castration-resistant prostate cancer (mCRPC). The data positions us well as we continue with the randomization phase of SPLASH. The reason these milestones are very significant is they place POINT in the extremely small number of companies which have successfully manufactured their own radioligands, for their own Phase 3 trial. Combined with the upcoming advancement of our pan-cancer FAP-targeting program PNT2004 into the clinic this summer, POINT's radioligand platform has the potential to be transformative for cancer care in a variety of indications with high unmet need." As of March 31, 2022, POINT Biopharma had approximately US$227.4 million in cash and cash equivalents, which is anticipated to fund operations into Q1 of 2024. The net loss was $16.4 million, or $0.18 net loss per share, for the quarter ended March 31, 2022, as compared to a net loss of $5.8 million, or $0.10 net loss per share, for the same period in 2021. Research and development ("R&D") expenses were $12.5 million for the quarter ended March 31, 2022, as compared to $4.3 million for the same period in 2021. General and administrative expenses were $3.8 million for the quarter ended March 31, 2022, as compared to $1.5 million for the same period in 2021.

## ECONOMIC CONDITIONS

**Canada, Real Estate**: Blackstone Inc. is expanding its presence in Canadian real estate and opening a Toronto office to further drive investment in one of the world's hottest property markets. Blackstone, with C$14 billion (US$10.8 billion) of Canadian real estate assets, is moving aggressively to become a bigger player in all sectors of the property market. In the past four years, it has spent more than C$4 billion (US$3.11 billion) to buy warehouses and industrial real estate. It has also begun buying some office buildings in close proximity to residential real estate in Toronto and Montreal. The Bloomberg article notes the pandemic-fueled boom in e-commerce has plunged the country into a nationwide warehouse shortage, spurring industrial rents to skyrocket. Soaring housing costs, whether to buy or rent, have also made apartment buildings some of the most stable types of property investments. A shortage of land adjacent to major cities and the slow process of rezoning real estate for other uses has most experts predicting neither Canada's warehouse or housing shortages will ease soon.

**USA**: Core consumer price index ("CPI") inflation increased 0.6% in the month (0.57%), doubling from the prior month's rate that was dragged down by a reversal in used car prices. Of concern, the core rate is again rising at the lofty 0.5%-to-0.6% pace of the prior five months, or roughly 7% annualized. While base-year effects allowed the yearly rate to ratchet down to 6.2% from a four-decade high of 6.5%, there won't be much further ratcheting unless the monthly pace slows down. The 3- and 6-month annualized core rates are centred around 6%. Some of the big gainers were airfares posting a record monthly increase of 18.6% (adding a tenth to the core gain) and hotel fares up another

1.7%. A resurgence in travel is adding pressure, but there's no doubt that surging fuel costs are a big driver too. Also higher were new vehicle prices (1.1%) and medical care costs (0.4%). Importantly, shelter costs are tracking higher, posting a third straight monthly gain of 0.5% and up 5.1% year-over-year ("y/y"). Actual rent jumped 0.6%, while owners' equivalent rent leaped 0.5%, matching a high set in the 2006 housing boom. There should be plenty of inertia in rents in the year ahead. While a 6.1% (temporary) pullback in gasoline prices held the headline CPI to a 0.3% monthly increase (and lowered the yearly rate a couple ticks to 8.3%), the bigger concern is that natural gas and electricity prices rose in the month and, most importantly, food costs jumped another 0.9%, lifting its yearly rate to 9.4%, the highest since 1981. With fertilize costs soaring and drought conditions persisting, there will be plenty of inertia in food cost increases as well this year. Meantime, gasoline prices are up about 4% already in May. In summary, inflation is getting hit on all sides: overheated labour markets and rising wages; sagging productivity as less-skilled workers are brought in to fill a record number of job vacancies; and soaring material costs and renewed supply-chain snarls stemming from the war in Ukraine and lockdowns in China. At the same time, surging energy costs are driving production costs higher for nearly everything, while both food costs and rents are unlikely to moderate for a while. The Federal Reserve has little option but to keep increasing interest rates to at least neutral levels as fast as possible. While the CPI report may not spur a 75-bp hike at the June FOMC meeting, it may lock in a 50 basis points ("bp") increase in our view.

**Norwegian inflation** surprised to the upside in April, after both headline and core came in weaker than Norges Bank's forecast in March. April headline surged to 5.4% y/y (market: 4.7%, Norges Bank: 4.5%), which marks its highest rate since 2008.

## FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 0.31% and the U.K.'s 2 year/10 year treasury spread is 0.49%. 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 5.30%. 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 28.83 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 could be encouraging 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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