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NEWS HIGHLIGHTS

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

AUGUST 8, 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

Altice USA Inc. ("Altice USA") – confirmed it's exploring a sale of its Suddenlink business, which provides cable and internet service in the south-central US. On an earnings call Wednesday, Altice USA Chief Executive Officer ("CEO") Dexter Goei said the company had received "a lot of inquiries" from potential buyers for all or parts of Suddenlink. Altice USA had planned to upgrade the network over the next year, so it's "a good time to pause" and explore a possible transaction, he said. Shares of Altice USA surged as much as 16.8% in post-market trading after the company confirmed the sale process. Altice USA is working with Goldman Sachs Group Inc. on the potential sale, which could fetch as much as US$20 billion, Bloomberg reported, citing people familiar with the matter.

Softbank Group Corp. ("SoftBank") – said it will buy back up to 400 billion yen of its own shares, seeking to give its stock support after it reported a record 3.16 trillion yen (US$23.4 billion) net loss in the first quarter ("Q1"). The company has turned to repurchasing its own shares after experiencing declines in the value of its investments. The company last said in November that it would buy back up to 1 trillion yen of its shares. The company recorded losses due to key public holdings like Uber Technologies Inc. ("Uber"), SenseTime Group Inc. and Coupang Inc. SoftBank exited its position in Uber in last quarter.

Meta Platforms Inc. ("Meta") – one of the few S&P 500 companies without debt, sold US$10 billion in its first ever corporate bond deal as its cash flow and stock price fall. The bond deal was sold in four parts, according to a person with knowledge of the matter. The longest portion of the offering, a 40-year security, yields 1.65 percentage points above Treasuries, after initial discussions of 1.75 to 1.8 percentage points explained the person, who asked not to be identified as the details are private. Orders reached more than $30 billion at the peak early in the afternoon in New York, according to a person familiar with the demand. Proceeds from the bond sale can be used for purposes including capital expenditures, stock repurchases, and acquisitions or investments. The company may be more likely to use the money to significantly bolster its share buybacks, and hire and retain talented employees, rather than boost spending on Metaverse investments.

Meta has been using cash to repurchase stock, including $5.1 billion in the second quarter of this year, and had $24.3 billion available for buybacks as of June 30, according to its earnings release last week. Many of Meta's large peers in the technology industry have borrowed heavily at low rates despite large cash piles. Including Meta, there are just 18 companies in the S&P 500 without outstanding short or long-term debt, excluding lease liabilities, as of the most recent quarter. S&P Global Ratings has assigned Meta an AA- investment-grade rating, while Moody's Investors Service gave the tech giant an A1 rating, the equivalent of one step lower.

Ubisoft Entertainment SA ("Ubisoft") – Tencent Holdings Ltd. ("Tencent") plans to raise its stake in French video game group Ubisoft as the Chinese gaming player pivots to the global gaming market, according to Reuters. China's largest social network and gaming firm, which bought a 5% stake in Ubisoft in 2018, has reached out to the French firm's founding Guillemot family and expressed interest in increasing its stake in the firm, the sources said. It is not clear how much more Tencent wants to own in Ubisoft, valued at $5.3 billion, but Tencent aims to become the single largest shareholder of the French company with an additional stake purchase, two of the sources noted on the condition of anonymity. Tencent could offer up to 100 euros (US $101.84) per share to acquire the additional stake, said two of the

sources with knowledge of the internal discussions. It paid 66 euros per share for the 5% stake in 2018. Details of the deal are not yet finalised and are subject to change, explained the sources. Ubisoft shares closed up 11% on Thursday, after having risen as much as 21% earlier after the Reuters report in their biggest daily rise since 2004.

Reliance Industries Ltd. ("Reliance") – which pledged to spend US$76 billion on green energy, will scale up investments in the area as its billionaire owner, Mukesh Ambani, seeks a strong foothold in the sector where competition is heating up. According to the recently published annual report, over the next 12 months, Reliance investments across the green energy value chain will gradually start going live, scaling up over the next couple of years. This new growth engine is expected to outshine all other existing growth engines of the group in just 5-7 years. Reliance is pivoting toward renewable energy and diversifying away from its traditional crude oil refining and petrochemicals businesses.

Berkshire Hathaway Inc. ("Berkshire") – The slide in U.S. stock prices affected Berkshire's bottom line in the second quarter, as the conglomerate reported a US$43.8 billion loss. Berkshire nevertheless generated nearly $9.3 billion of operating profit, as gains from reinsurance and the BNSF Railway ("BNSF") railroad offset fresh losses at the Geico car insurer, where parts shortages and higher used vehicle prices boosted accident claims. Rising interest rates and dividend payouts helped insurance businesses generate more money from investments, while the strengthening U.S. dollar boosted profit from European and Japanese debt investments. Berkshire also slowed purchases of its stocks, including its own, though it still had $105.4 billion of cash it could deploy. Berkshire's operating units include steady earners such as its namesake energy company, several industrial companies, and familiar consumer brands such as Dairy Queen, Duracell, Fruit of the Loom and See's Candies. In its quarterly report, Berkshire said "significant disruptions of supply chains and higher costs have persisted" as new COVID-19 variants emerge and because of geopolitical conflicts including Russia's invasion of Ukraine. But it said direct losses have not been material, despite higher costs for materials, shipping and labor. Net results suffered from Berkshire's $53 billion of losses from investments and derivatives, including declines of more than 21% in three major holdings: Apple Inc., Bank of America Corporation and American Express Company. Accounting rules require Berkshire to report the losses with its results even if it buys and sells nothing. Buffett urges investors to ignore the fluctuations, and Berkshire will make money if stocks rise over time. In 2020, for example, Berkshire lost nearly $50 billion in the first quarter as the pandemic took hold, but made $42.5 billion for the full year. Berkshire's quarterly net loss was equal to $29,754 per Class A share, and compared with a net profit of $28.1 billion, or $18,488 per Class A share, a year earlier. Geico suffered a $487 million pre-tax underwriting loss, its fourth straight quarterly loss, as auto insurers have been dealing with inflation in claims costs. The loss was more than offset by a $976 million pre-tax gain in property and casualty reinsurance, and a 56% jump in after-tax in insurance investment income to $1.91 billion. Profit rose 10% at BNSF, with higher revenue per car from fuel surcharges partially offsetting lower freight volumes, while profit from Berkshire Hathaway Energy rose 4%. Berkshire repurchased just $1 billion of its own stock, down from $3.2 billion in the first quarter, and compared with $51.7 billion in 2020 and 2021. Its $6.15 billion of stock purchases fell from $51.1 billion in the first quarter, when it took major stakes in oil companies Chevron Corporation and Occidental Petroleum Corporation.

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") – Sales 4% beat. Reported sales of €12,819 million grew 18.1% (4% beat versus ("vs") consensus ("cons")). Underlying sales grew 9.6% vs cons 5.8%. Pharma sales were in line (+2% underlying, +7.2% reported), Crop was an 8% beat (+17.2% underlying, +28.7% reported) and Consumer was a 5% beat (+6.8% underlying, +16.0% reported). Earnings before interest, taxes, depreciation, and amortization ("EBITDA") and core earnings per share ("EPS") 2% beat. Underlying EBITDA grew 30% to €3,349 million, a 2% beat vs cons. Crop beat by 12%, Consumer by 2% and Pharma missed by 2%. The reconciliation of -€208 million was materially higher than cons -€137 million. Core EPS of €1.93 was a 2% beat vs cons of €1.90. Bayer sees no material financial impact in 2022 from any potential gas supply bottlenecks and has prepared with alternative energy sources and increases inventories where necessary. Group sales guidance has been raised from ~€46 billion to ~€47-48 billion, implying a 3% raise at the mid point and 8% underlying growth year over year ("y/y"). This is mainly driven by Crop sales guidance rising from 7% underlying to 13%, as well as a smaller contribution from Consumer sales guidance rising from 4-5% to 6-7%. Guidance for Pharma in unchanged. Margin guidance in Crop is also higher at 27% (previously 25-26%), whereas in Consumer the margin guidance of 22-23% in unchanged. Core EPS is now expected at €7.30 (€7.70 at June '22 rates) vs previous guidance of €7.00. Consis already at €7.69/share reported. There is no material update on the glyphosate litigation and the company confirm the expected litigation payout of €2.5 billion remains for fiscal year ("FY") 22. Bayer has also taken a €694 million provision relating to a settlement for PCB litigation in Oregon, however we understand that there are indemnity agreements with previous customers that could mean Bayer could recoup some of this money.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. ("Amgen") – announced financial results for the second quarter ("Q2") of 2022. Key results include total revenues increased 1% to $6.6 billion in comparison to the Q2 of 2021, resulting from 3% growth in global product sales partially offset by lower other revenue from its COVID-19 manufacturing collaboration. Also, sales volumes grew double-digits for a number of products including Repatha, Prolia, LUMAKRAS/LUMYKRAS and EVENITY. Generally accepted accounting principle ("GAAP") EPS increased from $0.81 to $2.45, driven primarily

by a large write off in the previous comparable period. GAAP operating income increased from $0.8 billion to $2.2 billion, and GAAP operating margin increased 21.1% to 34.6%. Non-GAAP EPS increased from $1.77 to $4.65 driven by a decrease in operating expenses due to a write-off in Q2 2021 and lower weighted-average shares outstanding in Q2 2022. Total revenues guidance for 2022 revised to $25.5-$26.4 billion; EPS guidance revised to $11.01-$12.15 on a GAAP basis, and reaffirmed at $17.00-$18.00 on a non-GAAP basis. Total product sales increased 3% for Q2 of 2022 vs Q2 of 2021. Unit volumes grew 10%, partially offset by 6% lower net selling price and 2% negative impact from foreign exchange. Cash and investments totaled $7.2 billion and debt outstanding totaled $36.5 billion as of June 30, 2022.

Amgen – A small study of Amgen's Lumakras drug combined with immunotherapy found it helped 29% of advanced lung cancer patients, but liver toxicity was high and further study is needed, the company said ahead of the data presentation at the World Conference on Lung Cancer in Vienna. Nearly all of the 58 trial patients treated with the highest dose of genetic-mutation targeting Lumakras experienced elevated liver enzyme levels, and about 20% given the lowest dose saw significant liver toxicity, researchers said. The findings are the first indication of how well Lumakras works in combination with drugs that help the immune system attack cancer - Merck & Co., Inc's Keytruda and Roche Holding AG's Tecentriq. Lumakras is an oral drug designed to target a mutated form of a gene known as KRAS that occurs in about 13% of non-small cell lung cancers, the most common form of the disease, and less frequently in some other solid tumors. It was approved by the U.S. Food and Drug Administration last year for advanced lung cancer patients with Kirsten rat sarcoma viral oncogene homolog ("KRAS") mutations whose disease has worsened after treatment with chemotherapy or other medicines, but Amgen is testing whether the drug could be used as an earlier treatment. The study found that 17 out of 58 patients with advanced non-small cell lung cancer ("NSCLC") - most of whom were previously treated with immunotherapies - had tumor shrinkage. Among the 17 responders, the median duration of response was 17.9 months. Amgen said the next iteration of the study will enroll only patients not previously treated with an immunotherapy. To limit the risk of liver toxicity, it will use a low dose of Lumakras as a lead-in, followed by the combination of Lumakras and Keytruda. Tecentriq will no longer be part of the trial. "I suspect we will have data some time next year," said David Reese, Amgen's research and development chief. Amgen said it is also starting a study of Lumakras in combination with chemotherapy as an initial treatment for advanced NSCLC patients who test negative for programmed death-ligand 1 ("PD-L1"), a protein targeted by drugs like Keytruda that helps cancer cells hide from the body's immune system.

Amgen – has agreed to a partnership with a Shanghai biotech on a collaboration and out-licensing agreement for two of its drugs. Amgen and Fosun Pharma announced a deal in a bid to increase Amgen's presence in the country. The stated goal so far is to commercialize Amgen's blockbuster psoriasis drug Otezla alongside Parsabiv, a drug for secondary hyperparathyroidism in adults with chronic kidney disease and on a specific type of dialysis. This is Amgen's most recent step in the country in a bid that goes back years. In 2019, Amgen spent $2.7 billion to grab a 20.5% stake in Beijing-headquartered BeiGene, expressing an initial desire to tap into the world's most populous country and one of the biggest markets on the world stage. Fosun International Limited ("Fosun") and Amgen said that their collaboration will focus on bringing the two medicines to Chinese patients more quickly and utilize Fosun's already-established commercial capabilities in the country. But on the approval front, Amgen is only halfway there. While Otezla has already been approved by China's National Medical Products Administration as of last August, Parsabiv is still awaiting marketing authorization in the country. Parsabiv has already gotten the thumbs up from both the European Medicines Agency ("EMA") and U.S. Food and Drug Administration ("FDA") in 2016 and 2017, respectively. Amgen China's general manager Irene Hsu added that out-licensing the two medicines "can give full play to both companies' advantages" to ensure patient access and allow Amgen to focus on cardiovascular disease and bone health in the country.

Amgen – and ChemoCentryx, a biopharmaceutical company focused on orally administered therapeutics to treat autoimmune diseases, inflammatory disorders and cancer, announced that they have entered into a definitive agreement under which Amgen will acquire ChemoCentryx for US$52 per share in cash, representing an enterprise value of approximately $3.7 billion. "The acquisition of ChemoCentryx represents a compelling opportunity for Amgen to add to our decades-long leadership in inflammation and nephrology with TAVNEOS, a transformative, first-in-class treatment for ANCA (Anti-Neutrophil Cytoplasmic Antibody)-associated vasculitis," said Robert A. Bradway, chairman and CEO at Amgen. TAVNEOS is an orally administered selective complement component 5a receptor inhibitor. It was approved by the FDA in October 2021 as an adjunctive treatment for adult patients with severe active ANCA-associated vasculitis, specifically granulomatosis with polyangiitis ("GPA") and microscopic polyangiitis ("MPA") (the two main forms of ANCA-associated vasculitis), in combination with standard therapy. ANCA-associated vasculitis is an umbrella term for a group of multi-system autoimmune diseases with small vessel inflammation. Inflamed vessels may rupture or become occluded giving rise to a broad array of clinical symptoms and signs related to a systemic inflammatory response which may result in profound injury and dysfunction in the kidneys, lungs and other organs. U.S. sales of TAVNEOS in the first quarter of 2022, the first full quarter of sales, were $5.4 million. TAVNEOS is also approved in major markets outside the U.S., including the European Union and Japan. Vifor Fresenius Medical Care Renal Pharma Ltd. will retain exclusive rights to commercialize TAVNEOS outside the U.S., except in Japan where Kissei Pharmaceutical Co., Ltd. holds commercialization rights and Canada where Otsuka Canada Pharmaceutical Inc. holds commercialization rights. In addition to TAVNEOS, ChemoCentryx has three early-stage drug candidates that target chemoattractant receptors in other inflammatory diseases and an oral checkpoint inhibitor for cancer.

Amgen – decided to stop work on its bispecific contender as part of a cull that also saw it pick between its two prostate-specific membrane antigen ("'PSMA") prospects. The B-cell maturation antigen ("BCMA") candidate, pavurutamab, entered the clinic in 2017 but suffered a setback last year when Amgen hit pause on the phase 1 study to discuss "protocol modifications to optimize safety monitoring and mitigation with the FDA." Work resumed later in 2021 but, with other modalities against BCMA now on the market, Amgen has decided to stop development and focus its research and development ("R&D") dollars on other candidates. In PSMA, Amgen has a direct replacement for the dropped asset. Buying Teneobio Inc. ("Tenebio") for US$900 million upfront last year gave Amgen two bispecifics targeting PSMA, its own acapatamab and the newly acquired TNB-585. Amgen let more data trickle in before making a decision on which candidate to stick with, ultimately deciding to drop acapatamab and take TNB-585, now known as AMG 340, forward. Teneobio designed AMG 340 to have a low-affinity anti-CD3 arm, reflecting evidence that the approach can reduce cytokine secretion compared to molecules with a strongly activating CD3

(cluster of differentiation 3) domain without sacrificing efficacy. Amgen's selection of the molecule over its own acapatamab suggests the theory is holding up in the clinic so far.

Bridgebio Pharma ("Bridgebio") – reported its financial results for the second quarter ended June 30, 2022, and provided an update on the company's operations. Cash, cash equivalents and marketable securities, excluding restricted cash, totaled US$688.6 million as of June 30, 2022, compared to $787.5 million as of December 31, 2021. The net decrease of $98.9 million is primarily attributable to net cash used in operating activities of $191.1 million. The net cash used in operating activities was partially offset by a $90.0 million in upfront payment received under the license, development and commercialization agreement between the company, its affiliate, Navire Pharma, Inc., and Bristol Myers Squibb Company. During the six months ended June 30, 2022, the company also received upfront payments of $110.0 million from the sale of its priority review voucher and $10.0 million upon closing of an asset purchase agreement between its affiliate, Origin Biosciences, Inc., and Sentynl Therapeutics, Inc. Cash, cash equivalents and marketable securities, excluding restricted cash, increased by $55.1 million when compared to the balance as of March 31, 2022 of $633.5 million. Operating costs and expenses for the three and six months ended June 30, 2022 were $153.9 million and $329.3 million, respectively, as compared to $148.0 million and $316.0 million for the same periods in the prior year. The overall increase in operating costs and expenses for the three and six months ended June 30, 2022 compared to the comparative periods was due mainly to costs incurred related to the restructuring initiative that was started in the first quarter of 2022. Restructuring, impairment and related charges for the three and six months ended June 30, 2022 of $8.4 million and $31.1 million, respectively, were primarily comprised of impairments and write-offs of long-lived assets, severance and employee-related expenses, and exit costs. The company continues to evaluate restructuring alternatives to drive operational changes in business processes, efficiencies, and cost savings.

Fate Therapeutics, Inc. – reported business highlights and financial results for the second quarter ended June 30, 2022. Cash & cash equivalents and investments as of June 30, 2022 were $580.8 million. Revenue was US$18.5 million for the second quarter of 2022, which was derived from the company's collaborations with Janssen Pharmaceuticals and Ono Pharmaceutical Co. Ltd. Research and development expenses were $81.3 million for the second quarter of 2022, which includes $13.6 million of non-cash stock-based compensation expense. General and administrative expenses were $20.4 million for the second quarter of 2022, which includes $7.0 million of non-cash stock-based compensation expense.

Guardant Health Inc. ("Guardant") – reported financial results for the quarter ended June 30, 2022. Revenue was US$109.1 million for the three months ended June 30, 2022, a 19% increase from $92.1 million for the three months ended June 30, 2021. Precision oncology revenue grew 27%, driven predominantly by an increase in clinical testing volume and biopharma sample volume, which grew 40% and 65%, respectively, over the prior year period. Development services and other revenue decreased 12%, owing to multiple factors. The primary drivers were the change in collaboration projects with biopharmaceutical customers for companion diagnostic development and regulatory approval services, and the discontinuation of our Guardant-19 tests in August 2021. These factors were partially offset by revenues earned from licensing technologies during the three months ended June 30, 2022. Gross profit, or total revenue less cost of precision oncology testing and cost of development services and other, was $72.4 million for the second quarter of 2022, an increase of $10.2 million. Gross margin, or gross profit divided by total revenue, was 66%, as compared to 68% for the corresponding prior year period. Operating expenses were $202.7 million for the second quarter of 2022, as compared to $159.8 million for the corresponding prior year period, an increase of 27%. Non-GAAP operating expenses were $176.2 million for the second quarter of 2022, as compared to $124.7 million for the corresponding prior year period. Non-GAAP net loss was $101.8 million for the second quarter of 2022, as compared to $61.4 million for the corresponding prior year period. Non-GAAP net loss per share was $1.00 for the second quarter of 2022, as compared to $0.61 for the corresponding prior year period. Adjusted EBITDA loss was $94.3 million for the second quarter of 2022, as compared to a $56.4 million loss for the corresponding prior year period. Cash, cash equivalents and marketable securities were $1.2 billion as of June 30, 2022.

Lantheus Holdings, Inc. ("Lantheus") – reported financial results for its second quarter ended June 30, 2022. The company's worldwide revenue for the second quarter of 2022 totaled $223.7 million, compared with $101.1 million for the second quarter of 2021, representing an increase of 121.4% from the prior year period. The company's second quarter 2022 GAAP net income was $43.1 million, or $0.61 per fully diluted share, as compared to GAAP net loss of $26.7 million, or $0.39 per fully diluted share for the second quarter of 2021. The company's second quarter 2022 adjusted fully diluted earnings per share were $0.89, as compared to $0.11 for the second quarter of 2021, representing an increase of approximately $0.78 from the prior year period. Lastly, net cash provided by operating activities was $72.6 million for the second quarter 2022. Free cash flow was $68.3 million in the second quarter of 2022, representing an increase of approximately $45.0 million from the prior year period.

Lantheus – announced that it has entered a collaboration agreement with Radiopharm Theranostics (Radiopharm) for the mutually beneficial development of NM-01, a nanobody made using genetically engineered camelid derived single domain antibodies, which can be labelled with radioisotopes to potentially diagnose and treat multiple tumor types. Lantheus holds the exclusive imaging rights to NM-01, apart from China, and recently commenced a Phase 2 clinical trial of NM-01 to evaluate PD-L1 expression in NSCLC patients. Pursuant to the collaboration agreement, Lantheus will provide the diagnostic product candidate of NM-01 to Radiopharm for use in its therapeutic clinical trials. NM-01 will be used to assess PD-L1 expression during patient selection. In addition, under the agreement, Radiopharm and Lantheus have the option to expand their collaboration to additional assets and potential licensing opportunities in Radiopharm's pipeline. Lantheus' Chief Business Officer, Etienne Montagut said - "We are pleased to enter into a strategic collaboration with Radiopharm to further the development of NM-01, our novel targeted PD-L1 imaging agent, as a clinical research tool. We believe NM-01's unique potential to evaluate patients before, during, or after treatment with checkpoint inhibitors, will assist Radiopharm in the optimization of the development of its immuno-oncology therapy." Lantheus reported Pylarify sales of US$130.2 million in the quarter, up from $93 million in Q1. Lantheus is now guiding for $480 million to $500 million on Pylarify revenues in the year (which we see as a low threshold on the basis of the current quarterly run rate and accounting for the addition of four manufacturing sites in New York, Florida, Colorado, and West Virginia, respectively, as well as continued growth in referrals). Lantheus raised its own estimate of the total addressable

market ("TAM") for PSMA-PET in the US from $1.1 billion to $1.5 billion, for the third time in past 15 months, predicated on L1 and L2 (first and second line) PSMA therapeutic programs and growth in use in intermediate favorable patients. This is equivalent to raising the number of scans per annum from 250 thousand to 350 thousand. The company also raised its own revenue and earnings guidance, the latter by 20%.

Relay Therapeutics Inc. ("Relay") – reported second quarter 2022 financial results and recent corporate highlights. As of June 30, 2022, cash, cash equivalents and investments totaled approximately US$838 million compared to $958 million as of December 31, 2021. Relay expects its current cash, cash equivalents and investments will be sufficient to fund its current operating plan into at least 2025. R&Dexpenses were $60.5 million for the second quarter of 2022, as compared to $45.1 million for the second quarter of 2021. Net loss was $76.8 million for the second quarter of 2022, or a net loss per share of $0.71, as compared to a net loss of $193.4 million for the second quarter of 2021, or a net loss per share of $2.10. Net loss for the second quarter of 2021 included one-time expenses of $134.9 million associated with the acquisition of ZebiAI Therapeutics, Inc.

Schrodinger Inc. ("Schrodinger") – announced financial results for the second quarter of 2022. Total revenue was US$38.5 million for the quarter, up 29% compared to the second quarter of 2021. Software revenue was $30 million, representing 25% growth compared to the second quarter of 2021. Drug discovery revenue was $8.5 million for the second quarter of 2022, compared to $5.7 million in the second quarter of 2021. Drug discovery revenue for the quarter included $5.4 million in revenue recognized from the ongoing collaboration with Bristol-Myers Squibb Company, as well as revenue from preclinical milestones related to two collaborative programs. Gross profit was $17.1 million in the second quarter, up 43% over the second quarter of 2021. Software gross margin was 76% in the second quarter of 2022, compared to 77% for the second quarter last year. Operating expense was $60.6 million, compared to $42.3 million for the same quarter last year. Schrodinger recorded a net loss of $47.7 million for the second quarter of 2022, compared to a loss of $35 million for the same period in the prior year. Included in the $47.7 million net loss, was a loss of $15.7 million on equity holdings in the second quarter of 2022, compared to a loss of $4.9 million on our equity holdings in the second quarter of 2021. Schrodinger ended the quarter with cash equivalents, marketable securities, and restricted cash balances of approximately $513 million, compared to approximately $529 million on March 31, 2022.

Telix Pharmaceuticals Limited ("Telix") – announced that it has been jointly awarded a US$4.8 million Australian Research Council ("ARC") grant to establish a new Industrial Transformation Research Program ("ITRP") Hub as part of a consortium of applicants led by The University of Queensland ("UQ"). The ARC Research Hub for Advanced Manufacture of Targeted Radiopharmaceuticals ("AMTAR") aims to establish a manufacturing platform for new medical technologies combining innovations in biotechnology and pharmaceutical science. The program addresses industry-led challenges for translation of biologics as molecular radiopharmaceuticals, building capacity in biomanufacturing, radiobiology and radiochemistry. Telix Chief Scientist, Dr. Michael Wheatcroft stated, "Key to the development of personalised therapy is reliable and scalable manufacture of new products, harnessing emerging technological innovations in the field. This grant will enable the establishment of AMTAR, a unique opportunity to further University of Queensland and Telix's research and development collaboration, and capitalise on the biologics expertise of UQ and the Australian Institute for Bioengineering and Nanotechnology (AIBN) to work with new antibodies, chelators and bioconjugation processes in the development of novel radiopharmaceutical candidates. We would like to thank Professor Kristofer Thurecht and his team at The University of Queensland for leading a successful application and the Australian Research Council for funding." AMTAR Research Hub Director, Professor Kristofer Thurecht from UQ added, "We are pleased to be working with Telix and other industry and academic partners on this exciting and innovative research program. A key member of a high caliber project team, Telix's deep expertise in biologics as radiopharmaceuticals will help drive clinical and commercial translation, and advance the technologies required to ensure long-term production capability in in Australia."

ECONOMIC CONDITIONS

Canadian employment fell 30,600 in July, following a 43,200 pullback in the prior month, although the unemployment rate held at a five-decade low of 4.9% and wages stayed firm at 5.2% y/y. July's job declines spread to both private and public sector employment (June's drop was entirely due to fewer self-employed workers), and even full-time jobs dipped (-13 thousand). What's not clear yet is whether the pullback in jobs is due to a lack of demand for workers—a slower economy—or a lack of supply of workers. The latter view is supported by a drop in the participation rate, which dipped 0.2% to 64.7% after dropping 0.4% in June. Even the 15-64 group saw a big pullback in participation to 79.1%, after reaching a record high 79.7% as recently as March.

In Canada, the merchandise trade surplus widened from C$4.77 billion in May (initially estimated at C$5.32 billion) to C$5.05 billion in June, the largest since August 2008. Analysts expected a +C$4.90 billion print. Nominal exports expanded 2.0%, while nominal imports advanced 1.7%. On the exports side, 8 of the 11 industries surveyed saw gains, notably metal/non-metallic mineral products (+6.5%), consumer goods (+6.3%), chemical/plastic/rubber products (+4.0%) and energy products (+3.2%). Alternatively, international shipments declined in the forestry products/building equipment category (-6.6%) as well as in the motor vehicles/parts segment (-2.3%). Turning to imports, increases for energy products (+22.3%), industrial machinery/equipment and aircraft/transportation equipment (+39.7%) were only partially offset by sizeable drops for motor vehicles/parts (-6.8%) and metal/non-metallic mineral products (-4.5%). Canada's energy surplus with the world shrank from an all-time high of C$16.1 billion to C$15.8 billion, while the non-energy deficit shrank from C$11.3 billion to C$10.8 billion. The trade surplus with the United States moved from an unprecedented C$13.6 billion to C$13.2 billion. In real terms, exports rose 2.2% while imports edged down 0.3%.

US Nonfarm payrolls expanded by 528 thousand in July with 28 thousand of net upward revisions, which was more than double the consensus call. This propelled payrolls above their pre-pandemic peak. Although not all industries can claim complete recovery, it's noteworthy that July's job gain was broad based with gains led by the most lagging sectors such as education and health along with leisure and hospitality. Household-surveyed employment also expanded by 179 thousand. The trend here has been more sideways than up since March (when this jobs measure peaked), still 576 thousand below the pre-pandemic mark. With the labour force dipping by 63 thousand and the participation rate slipping by a tenth to 62.1% (the low for the year), the

jobless rate decreased a notch to 3.5%, back at its pre-pandemic low. This matches the lowest level in 53 years! Attracting a net 528 thousand workers amid the tightest labour market in half a century kept up wage pressures. Average hourly earnings rose 0.5%, keeping the annual change at 5.2%. Finally, over the past three months, aggregate hours worked grew at a 3.0% average annualized clip, pointing to continued economic expansion. In our view the combination of strong job growth, an extremely tight labour market and stubbornly high wage inflation suggests the Federal Reserve's rate hike cadence could likely remain hefty next month.

The US Senate passed The Inflation Reduction Act - a landmark tax, climate and health-care bill – which allows a slimmed down version of President Biden's domestic agenda to move forward into law. The Act now needs to be approved by the House, where the Democrats have a majority. The Act includes US$369 billion for climate action aiming to reduce carbon emissions by 40% by 2039, it would also raise corporate taxes and lower healthcare costs as part of a package surpassing $ 700 billion.

New Zealand's 2-year inflation expectations are falling to 3.07% from 3.29% last quarter where it hit a 31-year high.

FINANCIAL CONDITIONS

The Bank of England raised Bank Rate by 50 basis points ("bps"), in line with cons. The vote for 50 bps was 8-1 despite a fairly downbeat tone. On the one hand inflation was revised up sharply to peak at more than 13% y/y later this year. At the same time, they now expect a recession to start in the UK in 2022 Q4 and last through all of next year. The Monetary Policy Committee also announced that asset sales would likely begin in October at a pace of £10 billion/quarter, meaning balance sheet reduction of around £80 billion/year.

The U.S. 2 year/10 year treasury spread is now -0.45% and the U.K.'s 2 year/10 year treasury spread is 0.05%. 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 4.99%. 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 21.69 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 could be encouraging for quality equities.

And Finally: *"Failure is simply the opportunity to begin again, this time more intelligently." ~ Henry Ford*

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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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