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# NEWS HIGHLIGHTS

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

## SEPTEMBER 12, 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

**Amazon.com, Inc. ("Amazon")** – Amazon announced that the two-episode premiere of The Lord of the Rings: The Rings of Power accumulated 25 million global viewers in just 24 hours, making it the largest debut in Prime Video's history. The new drama brings to screens for the very first time the heroic legends of the fabled Second Age of Middle-earth's history, with the series launching in over 240 countries and territories worldwide and following an ensemble cast of characters, both familiar and new, as they confront the long-feared re-emergence of evil to Middle-earth. "It is somehow fitting that Tolkien's stories - among the most popular of all time, and what many consider to be the true origin of the fantasy genre - have led us to this proud moment. I am so grateful to the Tolkien Estate – and to J.D. Payne and Patrick McKay, our showrunners, Lindsey Weber, the executive producer, cast and crew - for their tireless collaborative efforts and boundless creative energy. It is the tens of millions of fans watching – clearly as passionate about Middle-earth as we are – who are our true measure of success," said Jennifer Salke, head of Amazon Studios.

**SoftBank Group Corporation ("SoftBank")** – Mubadala Investment Company ("Mubadala") is nearing a deal to buy Fortress Investment Group ("Fortress") from SoftBank in a purchase that could value the U.S. asset manager at more than US$2 billion, people with knowledge of the matter said. The Abu Dhabi sovereign fund could announce an agreement in the coming weeks, the people said, asking not to be identified because the information is private. Rajeev Misra is playing a key role in brokering the deal, the people said. No final decisions have been made, and talks could still fall apart. Spokespeople for SoftBank, Mubadala and Fortress declined to comment, while representatives for Misra weren't immediately available for comment. Mubadala has long been a SoftBank counterpart. SoftBank acquired Fortress in 2017, intending to use its expertise to help manage its Vision Fund. The firm, led by Pete Briger and Wesley Edens, the co-Chief Executive Officers ("CEO"), managed $53.3 billion as of December 31, 2021.

**Reliance Industries Limited ("Reliance")**– On September 5, 2022, Reliance has signed definitive agreements to acquire a majority stake in Sensehawk Technologies Private Limited ("SenseHawk") for a total transaction value of US$32 million, including funding for future growth, commercial rollout of products, and Research & Development. Founded in 2018, SenseHawk is an early-stage California-based developer of software-based management tools for the solar energy generation industry. SenseHawk helps accelerate solar projects from planning to production by helping companies streamline processes and use automation. SenseHawk has helped more than 140 customers in 15 countries adopt new technology for more than 600 sites and assets totalling more than 100 gigawatts. SenseHawk's Solar Digital Platform offers end-to-end management of solar asset lifecycles. SenseHawk, along with Reliance's other investments in New Energy, will be synergistic and create unique solutions with higher value to customers.

**Samsung Electronics Co., Ltd. ("Samsung")**– Samsung is warning that the semiconductor industry could be in for a rocky close to 2022. A senior executive at the world's largest maker of memory chips said the outlook for the second half of the year is gloomy, and Samsung is not yet seeing momentum for a recovery next year. Rival chipmakers such as SK hynix Inc. and Micron Technology Inc. have cautioned about slowing demand in recent weeks. Samsung's strategy is to respond faster to market changes, rather than stick to an investment plan prepared in advance. That said, the company will do its best to keep capital expenditures steady according to senior management.

Samsung historically has invested heavily in new chip initiatives, which now include the foundry business to better compete with Taiwan Semiconductor Manufacturing Company ("TSMC") for global customers. Samsung kicked off mass production of 3-nanometer ("nm") chips at its foundry in June 2022, edging out TSMC in a race to build the most advanced chips in the world. Samsung will work on improving the performance and lowering the cost of the chips, as it aims to create its next-generation 3 nm chips in 2024. Besides a slumping chip market, Samsung is also struggling with the clash between China and the U.S.. While South Korea has historically aligned with Washington, the company counts on being able to sell chips, smartphones and other products into the massive Chinese market. Samsung has both customers and factories in China. The U.S. government is tightening flows of technologies to China, most recently restricting sales of artificial intelligence chips and cutting-edge chip gear to Chinese customers. It is also considering moves to restrict U.S. investment in Chinese tech companies, while at the same time offering billions of dollars in incentives to bolster semiconductor production on American soil. Washington is demanding that any chipmaker receiving a part of the federal grant refrain from manufacturing advanced chips in China for a period of ten years. The Korean government is seeking to negotiate that with U.S. officials. Samsung has also floated the idea of a broad expansion of its semiconductor manufacturing facilities in Texas, laying out potential plans to spend almost US$200 billion on 11 plants in a series of filings in the state in July. Seoul is joining working-level talks with U.S., Taiwan and Japan to explore ways to further corral China's ambition become a world's leader in chip technology and lower its dependence on the West.

**Altice USA, Inc. ("Altice")** – On September 7, 2022, Altice announced that its Board of Directors has appointed Dennis Mathew to the position of Chief Executive Officer, effective October 3, 2022. Mathew assumes the CEO role from Dexter Goei who has been named Executive Chairman of the Board of Directors, also effective October 3, 2022. All of Mr. Goei's direct reports will report to Mr. Mathew on the effective date. Patrick Drahi, founder and current Chairman of the Board, will remain a Director of the Board. Given Mr. Goei's intention to return to Europe with his family, with his involvement the Board undertook a comprehensive search for its new CEO to identify the best leader to advance Altice into its next phase of growth and ensure strategic continuity.

Mr. Mathew joins Altice from Comcast Corporation ("Comcast") where he spent the last 17 years in senior corporate and operational leadership positions, leading the company's largest regions with a focus on all aspects of the residential and commercial businesses for the entire Comcast portfolio of products and services. Mr. Mathew will be based in the company's headquarters in Long Island City, New York. U.S..

## DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

**McCormick & Company ("McCormick")** – McCormick provided preliminary third quarter fiscal 2022 results, reporting constant currency sales growth of around +6% year over year (inclusive of a -1 point year over year headwind from divestitures), compared to the Consensus of around +8% year over year and earnings per share ("EPS") of US$0.65, compared to Consensus of $0.83. For the full year, the company lowered its constant currency sales growth outlook by -2 points year over year, from +5-7% year over year to +3 -5% year over year, and reduced EPS by roughly -13% at the midpoint, from $3.03-$3.08 to $2.63-$2.68.

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**Amgen Inc.** – Lumakras cut the risk of disease progression or death by 34% compared with the chemotherapy docetaxel in previously treated KRAS G12C-mutated non-small cell lung cancer, according to data released at the European Society for Medical Oncology congress. Lumakras is currently the only U.S. Federal Drug Administration ("FDA")-approved KRAS inhibitor. At one year, 24.8% of Lumakras takers were alive and did not show any disease worsening, versus 10.1% for docetaxel. The phase 3 CodeBreaK 200 trial has therefore met its primary endpoint.

**Clarity Pharmaceuticals Ltd. ("Clarity")** – Clarity is pleased to announce that the U.S.-based diagnostic 64Cu SAR-Bombesin trial for patients with prostate-specific membrane antigen ("PSMA")-negative prostate cancer is open for recruitment. Copper-64 SAR-BisPSMA in Biochemical Recurrence of prostate cancer ("SABRE") is a Phase II Positron Emission Tomography ("PET") imaging trial of participants with PSMA-negative biochemical recurrence ("BCR") of prostate cancer following definitive therapy. It is a multi-centre, single arm, non-randomised, open-label trial of 64Cu-labelled SAR-Bombesin in 50 participants. The primary objectives of the trial are to investigate safety and tolerability of the product as well as its ability to correctly detect recurrence of prostate cancer. The SABRE trial was developed in response to strong demand from clinicians with prostate cancer patients whose cancer was not visible with currently approved PSMA diagnostic agents or conventional imaging (such as CT or MRI). It builds on the data generated in PSMA-negative prostate cancer patients at St. Vincent's Hospital imaged under the Therapeutic Goods Administration ("TGA") Special Access Scheme ("SAS").This data has demonstrated diagnostic imaging potential in PSMA-negative prostate cancer and highlighted potential utility of the

product as a theranostic agent. SABRE also builds on a pilot diagnostic trial of SAR-Bombesin in breast cancer patients, the C-BOBCAT trial, which was recently presented at the prestigious American Society of Clinical Oncology Annual Meeting. Dr. Andrei Iagaru, Lead Principal Investigator in the SABRE trial, commented, "We are very excited to initiate patient accrual for the SABRE trial which will explore and validate the clinical benefits associated with the novel SAR-Bombesin agent. We have been investigating Bombesin for many years and believe it is an agent with high diagnostic and therapeutic potential. We hope this trial will inform us on the role of SAR-Bombesin in diagnosing disease in PSMA-negative prostate cancer patients by imaging patients on day of injection and at around 24 hours after injection, with the delayed imaging being a novel feature enabled by 64Cu. In addition to investigating the clinical benefits of the product, we also look forward to leveraging centralised manufacture and on-demand delivery advantages of copper-based products. These features have potential to facilitate universal access to SAR-Bombesin and enhance accessibility to treatment facilities throughout the U.S.".

Clarity announced that the patent application covering Clarity's optimised PSMA targeting agent, SAR-bisPSMA, has been granted in China. The patent had been previously granted in the U.S., Australia and Mexico and has an expiry date of June 5, 2038. The patent application remains under review in other major jurisdictions, including Europe and Japan. Dr. Alan Taylor, CEO said "We are very pleased with our broad and evolving patent protection for all of our products, but in particular for one of our core products, with this composition-of-matter patent now granted in the U.S., Australia, China and Mexico. This further strengthens our position as we progress the clinical development of SAR-bisPSMA. This milestone continues Clarity's strong emphasis on Intellectual Property protection covering the SAR Technology platform and each new product that stems from it."

**Guardant Health Inc. ("Guardant")**– Guardant announced the introduction of GuardantINFINITY, a next-generation liquid biopsy that provides new, multi-dimensional insights into the complexities of tumor molecular profiles and immune response to advance cancer research and therapy development. The new GuardantINFINITY assay provides a more comprehensive molecular profile of tumors than earlier assays, giving researchers access to novel genomic and epigenomic insights to provide a simultaneously deeper and more complete understanding of a tumor's biology, its system-wide interactions and the associated immune response in a range of applications—from therapy selection to molecular response and longitudinal monitoring. The assay's extensive methylome panel helps identify the unique, exome-wide methylation pattern that each tumor delivers, providing an important new dimension of research insights that has been largely unexplored in clinical development to date. The new platform will enable countless new liquid biopsy applications over time, from deep interrogation of the tumor microenvironment to diverse immuno-oncology applications, much more sensitive therapeutic monitoring, identification of complex prognostic signatures and innate resistance to certain therapies, and more. GuardantINFINITY is available as a single modular assay with flexible configurations that can be tailored to fit a current application, along with the ability to unlock additional content modules at any time, without incurring the burden or delay of additional sample collection. The core module offers genotyping coverage of more than 800 genes with sample-level methylation detection and tumor fraction score for biomarker discovery, clinical research, therapy selection and response monitoring. The GuardantINFINITY liquid biopsy is currently available for research use only.

**POINT Biopharma Global Inc. ("POINT")** – POINT announced updated efficacy and safety data from the 27-patient safety and dosimetry lead-in cohort for the POINT's phase 3 SPLASH trial (NCT04647526) evaluating PNT2002 for the treatment of metastatic castration-resistant prostate cancer ("mCRPC"). Key findings include a median radiographic progression-free survival ("rPFS") time of 11.5 months, along with a well-tolerated safety profile with no treatment-related deaths and few treatment-related adverse events ("AEs") of grade 3 or higher. Newly released data were based on a median follow-up of 11.7 months, updating the previously published abstract which was based on a median follow-up of 7.6 months. Key findings for the lead-in cohort included Median rPFS was 11.5 months, as compared to the control arm benchmarks of 3.5–4.2 months for individuals with progressive mCRPC post-ARPI failure receiving similar treatment. Median overall survival had not been reached with an 11.7-month median duration of follow-up from time of enrollment. A radiographic objective response was achieved in 60% of the 10 participants with evaluable disease at baseline. 84.8% of individuals imaged met PSMA eligibility criteria. From a median baseline prostate-specific antigen ("PSA") (ng/mL) of 22 (range 0.3–701.0), 11 (42%) participants achieved a PSA50 response. PNT2002 was well tolerated with no treatment-related deaths and few treatment-related AEs of grade 3 or higher. Treatment-related adverse events occurring in more than10% of participants included dry mouth (25.9% of participants; all grade 1), fatigue (22.2%; grades 1-2), nausea (18.5%; grades 1-2), and anaemia (14.8%; grades 1-3). "In this patient population, which was not as heavily pre-treated as the population studied in the published randomized trials of 177Lu-PSMA-617, PNT2002 was very well tolerated," said Scott Tagawa, MD, MS, FACP, Medical Oncologist at Weill Cornell Medicine, Professor of Medicine at Meyer Cancer Center, SPLASH trial investigator. "The early efficacy signals of PSA and measurable disease responses, combined with the favorable, though non-randomized, rPFS data, are encouraging for success of the phase 3 study."

**Relay Therapeutics, Inc. ("Relay")** – Clinical trial results offer the most convincing evidence to date that Relay, can develop better drugs by studying how proteins move. Data from an early study, published online ahead of the European Society for Medical Oncology's annual conference, suggest an experimental medicine developed by Relay could be more effective than currently available treatments for a type of bile duct cancer called cholangiocarcinoma. Relay's treatment shrank tumors in 63% of 38 cholangiocarcinoma patients who received Relay's drug in the study. Among the 17 study participants who received the dose, Relay selected for further testing, 88% responded to therapy — a rate more than twice the 23% to 42% previously reported for other drugs in similar groups of patients. Notably, Relay's drug did not cause significant rates of high phosphorus levels, a worrisome side effect reported with those other medicines. Treatment was associated with "low-grade" mouth sores and a skin condition associated with some cancer treatments called hand-foot syndrome. Relay is currently enrolling a cohort of 100 patients that, along with supporting data from other groups, may eventually support a filing for an accelerated approval of its medicine, dubbed RLY-4008.

Relay announced that it has commenced an underwritten public offering of US$300 million of shares of its common stock. Relay also intends to grant the underwriters a 30-day option to purchase up to an additional fifteen percent (15%) of the shares of common stock offered in the public offering. All of the shares in the proposed offering are to be sold by Relay. Goldman Sachs Group Inc., JPMorgan Chase & Co., and

Cowen Inc. are acting as joint book-running managers for the proposed offering. BofA Securities, Inc. is also acting as a book-running manager. The offering is subject to market and other conditions, and there can be no assurance as to whether or when the offering may be completed, or as to the actual size or terms of the offering.

Relay announced a collaboration to develop FoundationOne CDx as a companion diagnostic for RLY-4008, the company's investigational FGFR2 inhibitor. RLY-4008 is a selective oral small molecule inhibitor of FGFR2, which is currently being evaluated for use in patients with FGFR2-mutated cholangiocarcinoma ("CCA"), or bile duct cancer, and other solid tumors. FGFR2 is one of four members of the FGFR family, a set of closely related proteins with highly similar protein sequences and properties. If the therapy and companion diagnostic are approved, FoundationOne CDx would be used to identify patients with FGFR2 fusions and select rearrangements in CCA who may be appropriate for treatment with RLY-4008. Foundation Medicine's portfolio of FDA-approved comprehensive genomic profiling tests offers physicians both blood- and tissue-based testing options for detecting genomic alterations that help guide personalized treatment decisions. As companion diagnostics, FoundationOne CDx and FoundationOne Liquid CDx allow oncologists to identify patients who may be appropriate for FDA-approved targeted therapies.

## ECONOMIC CONDITIONS

**Canadian employment** registered a 40 thousand loss in August 2022, marking a third consecutive decline. This loss comes as a surprise as consensus was expecting a 15,000 increase. Due to August's job loss, the unemployment rate rose to 5.4% from 4.9% with the participation rate increasing 1 tick (64.8%). The decline in employment stemmed from full-time jobs (-77,000) while part-time jobs posted an increase (+38,000). The public sector posted another sizable decline (-28,000) while the headcounts for self-employed (-8,000) and private corporations (-4,000) fell more modestly. The services sector posted a deterioration (-26,000) in August. Educational services (-50,000) posted major losses but other sector also registered drops: transportation/warehousing (-7,700), business services (-11,000). On the flip side, other services (+15,000), professional services (+14,000) and fire (+8,000) posted increases in the month. Meanwhile, employment in the goods-producing sector (-14,000) posted a decline with construction (-28,000) and manufacturing (-7,000) registering losses. Regionally, British Columbia saw the largest pullback (-28,000) while Ontario also registered a sizable decline (-19,000). Quebec was the top performer (+27,000). Employment was barely down in Alberta (-6,500). Hours worked were flat in August following a pullback of 0.5% in July. Wages were slightly up on a year-over-year basis reaching 5.6% in August (5.4% in July).

**German industrial production** fell 0.3% month over month in July, 2022 — in line with our forecast but slightly above the consensus (market: -0.6%). The decline was primarily driven by energy-intensive industrial branches, which saw production decline by 1.9% month over month. Energy production offered some upside support, increasing 2.8% month over month. Overall, production continues to be affected by intermediate product shortages in Germany, due to both impacts of the war in Ukraine as well as lingering COVID-19 distortions.

**New UK Prime Minister Truss'** energy package is almost exactly as has been heavily trailed in the press. Consumer bills will now rise to £2500 on October 1, 2022 and they will benefit from previously-announced £400 rebate. This however won't be accounted for in inflation figures, meaning that inflation is likely to now peak at 10.7% year over year in October this year before declining close to 3% by end- 2023 as energy price base effects disappear. This looks to add nearly 10 percentage points to the debt over gross domestic product ("GDP") ratio within 2 years in our view.

## FINANCIAL CONDITIONS

**The Bank of Canada** opted for a consensus-matching 75 basis point rate last week to 3.25%. This is the fifth rate increase in as many meetings, and officially brings the overnight target into restrictive territory (i.e., above the Bank of Canada's estimated 2-3% neutral range). There was no reference of the 'front-loading' approach that we saw in the July decision. As for guidance for future meetings, the statement notes that "the Governing Council still judges that the policy interest rate will need to rise further" (language largely unchanged from July). The statement now adds: "As the effects of tighter monetary policy work through the economy, we will be assessing how much higher interest rates need to go to return inflation to target". So the view is rates need to continue rising, but to be increasingly data dependent that might suggest the pace of rate increases might be adjusted downward going forward.

**The Bank of England** has delayed its next interest rate decision following news of the Queen's death.

**The European Central Bank** is proving that it, too, can be flexible and change as conditions change. It did so in July with its 50 basis points increase, and last week with its 75 basis points rise. The deposit rate was lifted to 0.75%. The refinance rate was 1.25%, and the marginal lending facility was 1.50%. Inflation was cited as the cause, as it "remains far too high", that pressures are broadening, and is expected to stay above target "for an extended period". Once again, the word "frontload" made its way to the statement. The Euros' depreciation against other major currencies is also adding to the buildup in inflationary pressures. President Lagarde repeatedly stated that all decisions are data-dependent and will be made meeting by meeting.

**The Reserve Bank of Australia** has raised rates by half a percentage point again, pushing its key cash rate to 2.35% and adding another AU$220 to the monthly interest bill on a $750,000 mortgage. With its latest rate rise, the Reserve Bank now has monetary policy on a neutral setting, which means it can move more cautiously with future rate rises in our opinion.

The U.S. 2 year over 10 year treasury spread is now -0.24% and the UK's 2 year over 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 5.89%. Existing U.S. housing inventory is at 2.6 months supply of existing houses - well off its peak during the Great Recession of 9.4 months and we consider a more normal range of 4-7 months.

The volatility index ("VIX") is 23.47 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 is encouraging for quality equities.

**And finally:** *"When life seems hard, the courageous do not lie down and accept defeat; instead, they are all the more determined to struggle for a better future."* Queen Elizabeth II. Rest In Peace.

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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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