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NEWS HIGHLIGHTS

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

SEPTEMBER 19, 2022

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OWNER OPERATED COMPANIES



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PORTLAND 15 OF 15
ALTERNATIVE FUND



PORTLAND 15 OF 15
ALTERNATIVE FUND
COMPANY NEWS

Amazon.com, Inc. (“Amazon”) - Amazon has selected DraftKings Inc. (“DraftKings”) as a sponsor for Thursday Night Football (“TNF”) on Prime Video, the two companies announced Tuesday. The new multi-year collaboration between the companies will deliver fans engaging pregame content and unique betting offers every Thursday throughout the National Football League (“NFL”) season. As part of the agreement, TNF will contain DraftKings integrations in the live pregame, including odds and additional sports betting insights, and DraftKings and Amazon will also collaborate on TNF-themed offerings, including same-game parlays, which will be available on the DraftKings Sportsbook app beginning on Thursday, September 15, 2022. “The NFL season is the most active time of year for our customers, so collaborating with one of the world’s leading technology brands in order to offer engaging content to viewers of TNF on Prime Video is a tremendous opportunity for DraftKings,” said Stephanie Sherman, Chief Marketing Officer of DraftKings.

SoftBank Group Corporation (“SoftBank”) – SoftBank founder Masayoshi Son has revived discussions of setting up a third Vision Fund, according to people familiar with the matter. He has raised billions of dollars in cash recently and sees another startup fund as one of several possible priorities for the money, said the people, asking not to be identified because the matter is private. It’s not yet clear how much capital Son would want to inject into a third fund. The first Vision Fund was slightly less than US\$100 billion with outside investors such as Saudi Arabia’s Public Investment Fund, while the second has over \$40

billion and was solely financed by SoftBank. A SoftBank spokesman did not comment in time for publication. SoftBank had more than \$50 billion in cash and equivalents on its balance sheet at the end of June, and that hoard has grown to more than \$60 billion as the company sold down part of its stake in Alibaba Group Holding Ltd., one of the people said. It’s unclear what other options Son is considering for his money, but he has repeatedly talked internally about taking SoftBank private. If Son decides to proceed with a Vision Fund three, he’ll have to overcome several hurdles. For one, his performance is subpar compared to the venture firms he hoped to best. The internal rate of return for the first Vision Fund’s limited partners was just 11% through March of this year, compared with an average of about 38% for the industry, according to the investment data firm Preqin. The second Vision Fund’s IRR is 0%, compared with an average of 45%. In addition, it would be awkward for Son to unveil a new fund just as he lays off employees. SoftBank is planning to cut at least 20% of staff at the Vision Fund operation, according to recent media reports.

Reliance Industries Ltd. (“Reliance”) – Reliance is expanding its polyester business by acquiring two companies for a total consideration of 15.92 billion rupees (US\$200 million). Its wholly owned subsidiary Reliance Petroleum Retail Ltd. will acquire polyester chips and yarn manufacturers Shubhalakshmi Polyesters Limited (“SPL”) for 15.2 billion rupees and Shubhlaxmi Polytex Limited (“SPTex”) for 700 million rupees, Reliance said in a bourse filing on September 9, 2022. SPL has a continuous polymerisation total capacity of 252,000 tonnes a year and produces polyester fibre, yarns and textile grade chips at its two sites, at Dahej in western Gujarat and at Silvassa in the union territory of Dadra and Nagar Haveli. SPTex, on the other hand, has a texturized yarn manufacturing facility at Dahej but capacity details were not disclosed. The acquisitions are part of the company’s strategy to expand its downstream polyester business, Reliance added. Reliance currently has a total polyester fibre and yarn production capacity of 2.5 million tonnes a year, making it the largest in the world, according to its website. Reliance plans to invest 750 billion rupees in its oil-to-chemicals

business over the next five years, which will include expansion in the company's polyester chain, Mukesh Ambani, its chairman, announced in late August.

Samsung Electronics Co., Ltd. ("Samsung") – Samsung will invest 7 trillion won (US\$5 billion) in green initiatives and call on South Korea to tackle high costs of clean energy as the electronics giant looks to reverse a rise in emissions and zero out direct pollution by mid-century. The world's largest memory-chip maker, which has seen its climate footprint swell in recent years as it has expanded energy-intensive manufacturing lines, plans to eliminate Scope 1 and 2 carbon emissions. Samsung has not developed goals to reduce Scope 3 pollution like some peers, though intends to set targets in the future. The company also aims to switch overseas factories entirely to renewable electricity within five years, though argues it can't yet pursue a similar target for its most energy-hungry domestic plants which account for the majority of production because of constraints on the availability of clean power in the fossil fuel-reliant nation. Samsung has long been criticized by investors and activists over a slower approach to climate action than industry peers such as Apple Inc., which said in October it had cut emissions by 40% over the past five years and is pressing suppliers to use only renewable energy. A new strategy announced Thursday includes spending on carbon capture and storage, measures to reduce water consumption and the release of gases during semiconductor manufacturing, work to boost the energy efficiency of its products and improvements to the collection of electronic waste for recycling. While cutting direct emissions is a priority, Samsung will also consider the use of offsets in voluntary carbon markets, Kim said. As the biggest electricity user in South Korea, Samsung's key challenge remains the country's grid. Fossil fuels accounted for more than 65% of electricity generation in 2021 and plans are being studied to scale back proposals for more renewables as President Yoon Suk Yeol's government touts a potential longer-term build out of nuclear power. Samsung's operations consumed 32,322 gigawatt-hours ("GWh") of energy in 2021, including 25,767 GWh of electric power, the company said in its most recent sustainability report. That compares with South Korea's wind, solar and hydro power generation of 31,323 GWh in the same year. The company's emissions have risen in recent years as a direct result of the installation of new semiconductor manufacturing lines, according to its report. Under its new climate strategy, the company will also join RE100, a global initiative in which members commit to eventually use 100% renewable energy. Local plants for consumer electronics will move to 100% renewables by 2027, Samsung said in its statement. The company aims to run its semiconductor operations entirely on clean sources by 2050.

Meta Platforms, Inc. ("Meta") - To defend itself against the federal government, Meta says it needs its rivals to divulge some of their most closely held secrets. Facebook's parent company has so far subpoenaed 132 companies for documents, including Snap Inc., ByteDance Ltd.'s TikTok and the audio startup Clubhouse, and has warned that it may seek information from 100 more. The subpoenas have set off a cascade of legal challenges from Meta's rivals, which accuse the company of using antitrust litigation as an excuse to dig through their confidential data. The hunt for information was triggered by the U.S. Federal Trade Commission's ("FTC") lawsuit against Meta in 2020, alleging that the company monopolized the social networking market in part through its acquisitions of Instagram and WhatsApp. Meta contests the allegation that it has a monopoly and argues that the market is constantly evolving, with newcomers like TikTok and Clubhouse as key examples. Meta has asked for documents relating to some of the most important and sensitive elements of how competitors do business, according to court

filings, including how they acquire users, scale up products and make money from features. It also wants materials on rivals' marketing and sales strategies, quality metrics, contact information for their biggest advertisers, and details on their efforts to attract users from competitors, among other secrets. In court filings, Meta said it needs the information from its rivals to dispute the FTC's contentions that it is a monopoly and doesn't face competition. Beyond the scope of the requests, Meta's rivals say the company's history of hoarding intelligence on competitors should be considered. TikTok's attorneys said they have tried for months to narrow Meta's request and asked the court to limit the information that Meta's in-house lawyers could view.

DIVIDEND PAYERS



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ALTERNATIVE FUND¹



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PORTLAND GLOBAL
ARISTOCRATS
PLUS FUND¹



GO TO
PORTLAND GLOBAL
BALANCED FUND¹

JPMorgan Chase & Co. ("JPMorgan") – JPMorgan has clinched a deal to buy U.S. firm Renovite Technologies Inc. to expand its payments processing business and win market share in a lucrative industry where big banks face tough competition from fintech disrupters.

LIFE SCIENCES



GO TO
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SCIENCES
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Clarity Pharmaceuticals Ltd. ("Clarity") — Clarity is pleased to announce the appointment of Dr. Jeffrey Norenberg as Chief Scientific Officer ("CSO"), effective immediately. Dr. Norenberg has more than three decades of experience in radiopharmaceuticals across both the academic and biotechnology sectors. He is a globally recognized industry expert in the design and development of novel targeted radioligands for molecular imaging and therapy. Dr. Norenberg is a Professor Emeritus of Pharmacy and Anesthesiology and Critical Care Medicine and was the Director of Radiopharmaceutical Sciences at the University of New Mexico Health Sciences Center for 27 years. His work in the development of radiopharmaceuticals has resulted in 11 patents, more than 100 scholarly works and more than US\$26.5 million in funding for basic and clinical research. He has also been instrumental in 13 Phase I first-in-human studies of investigational new drugs. Prior to joining Clarity, Dr. Norenberg co-founded iSeek Biopharma, Inc. and was Vice-President of Chemistry at Invicro, LLC ("Invicro"), a contract research organization specialising in imaging in clinical trials. At Invicro, he led the external manufacturing division responsible for developing and producing novel imaging radioligands for use in clinical trials.

Lantheus Holdings Inc. (“Lantheus”) — Lantheus announced that the recent Phase III clinical trial of their joint GE/Lantheus investigational radiotracer, [18F] flurpiridaz, has met its co-primary endpoints of exceeding a 60 percent threshold for both sensitivity and specificity for detecting Coronary Artery Disease (“CAD”). The findings, shared at the American Society of Nuclear Cardiology Congress, in Florida, U.S., also demonstrate [18F] flurpiridaz Positron Emission Tomography (“PET”) has higher diagnostic efficacy and image quality in patients with suspected CAD, compared with Single Photon Emission Computed Tomography (“SPECT”) Myocardial Perfusion Imaging (“MPI”), the predominant procedure used in nuclear cardiology today. SPECT MPI represents approximately 6 million procedures per year in the U.S.. The Phase III Open-Label Study, which involved over 600 patients across sites in the U.S., Europe and Canada assessed the diagnostic efficacy of [18F] flurpiridaz in detecting CAD, the most common form of heart disease and the leading cause of death globally, with invasive coronary angiography as a standard of truth. More than 120 million people are affected by CAD globally each year and in the U.S. alone, approximately 20 million adults have CAD, with nearly 383,000 deaths recorded in 2020. If approved, this investigational agent would offer the advantages of 18F, with broadly available distribution and a half-life of almost two hours, removing the need for it to be manufactured in the immediate vicinity of the imaging department. This longer half-life could also make [18F] flurpiridaz Injection suitable for exercise stress testing, which is not feasible with existing cardiac PET radiotracers.



ECONOMIC CONDITIONS

U.S. Consumer Price Index (“CPI”) rose one tick in August, 2022 instead of declining 0.1% as per consensus expectations. This came after a flat print in the prior month. Prices in the energy segment fell 5.0% on declines for gasoline (-10.6%), fuel oil (-5.9%) but partially offset by utility gas services (+3.5%). The cost of food, meanwhile, sprang 0.8%, following July which was one of the strongest progressions recorded in the past 30 years. The core CPI, which excludes food and energy, rose 0.6%, three ticks more than the median economist forecasts of +0.3%. Prices for ex-energy services advanced 0.6% on gains for medical services (+0.8%), shelter (+0.7%), and transportation services (+0.5%). The price of motor vehicle insurance (+1.3%), meanwhile, continued to advance at a steep clip. The cost of core goods, for its part, progressed 0.5%. Prices for new vehicles (+0.8%), medical care commodities (+0.2%) and apparel (+0.2%) continued to advance while used vehicles (-0.1%) posted a small decline. Year on year, headline inflation clocked in at 8.3%, a downwards trend from the prior months reading of 8.5% but above consensus expectations calling for 8.1%. The 12-month core measure climbed to 6.3%, two ticks below the March peak.

U.S. industrial production unexpectedly slipped 0.2% in August, 2022, marking the first decline in three months. Still, manufacturing output (approximately 75% of industrial production) edged up 0.1% as supply bottlenecks and input costs eased. Machinery rose 1.0% while computer and electronic products jumped 1.3% to match a record high even as motor vehicles and parts dropped 1.4%. Meantime, mining remained unchanged, holding at the highest level since March 2020 amid sturdy energy production, while volatile utilities fell 2.3% on lower electricity demand. Capacity utilization dipped 0.2 percentage points to 80.0%, though still remains above the pre-pandemic rate.

Headline and core UK inflation came on top of forecasts in August 2022, with headline inflation slipping back to single-digit territory, at 9.9% year over year. The Core Inflation measure nudged up a tick to 6.3% year over year. Details show relatively few major price changes in the month, with the exception of transport, which declined on the back of falling petrol prices. Food, accommodation, and culture categories continued to see some sustained upside inflation pressures.

UK labour market tightened further in the three months ending in July, with the unemployment rate falling to 3.6% - its lowest since 1974 (market: 3.8%). Vacancies declined for the third consecutive month and is now below January 2022 levels. Wage growth came in hot, with headline average weekly earnings increasing to 5.5% in the past three months over the year (market: 5.4%) while the ex-bonus measure rose to 5.2% in the past three months over the year (market: 5.1%). With the labour market tightening even further and wage growth continuing to strengthen, this will certainly keep the pressure on the Bank of England Monetary Policy Committee heading in to its September meeting.



FINANCIAL CONDITIONS

Trading terminals in London will not operate on Monday as several markets around the world prepare to mark the death of the Queen.

The U.S. 2 year over 10 year treasury spread is now -0.46% and the UK's 2 year over 10 year treasury spread is 0.00%. 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 6.02%. 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 26.48 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 is encouraging for quality equities.

And finally: *“Value investing is at its core the marriage of a contrarian streak and a calculator.”* ~Seth Klarman

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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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