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NEWS HIGHLIGHTS

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

JANUARY 9, 2023

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COMPANY NEWS

Reliance Industries Limited (“Reliance”) – Reliance Consumer Products Limited (“RCPL”), a wholly-owned subsidiary of Reliance Retail Ventures Limited, Lotus Chocolate Company Ltd (“LOTUS”) and a group of members of the promoter group of LOTUS, executed definitive agreements, in terms of which RCPL will acquire 65,48,935 equity shares of LOTUS representing 51% of the paid-up equity share capital of LOTUS from the current promoter and promoter group of LOTUS at a price per share of 113.00 rupees aggregating to 74 crores. At the same time, RCPL and certain promoter group entities of LOTUS will subscribe to 5,07,93,200 noncumulative redeemable preference shares of face value of 10 rupees each at par; The parties have also executed a Shareholder’s agreement governing certain inter se rights and obligations. RCPL would make a Public Announcement to the public shareholders of LOTUS to acquire up to 33,38,673 equity shares of LOTUS representing 26.00% of the equity share capital of LOTUS in accordance with the Securities and Exchange Board of India Takeover Regulations. The capital infused by RCPL will help drive the growth and expansion of LOTUS into a comprehensive confectionery, cocoa, chocolate derivatives and related products manufacturer across industrial and consumer market spectrum.

On December 28, Reliance Jio Infocomm Limited (“Reliance Jio”) announced the largest multi-state launch of its 5G services across 11 cities namely Lucknow, Trivandrum, Mysuru, Nashik, Aurangabad, Chandigarh, Mohali, Panchkula, Zirakpur, Kharar and Derabassi. Reliance Jio has become the first and the only operator to launch 5G

services in Trivandrum, Mysuru, Nashik, Aurangabad, Chandigarh Tricity, including areas of Mohali, Panchkula, Zirakpur, Kharar, and Derabassi. Reliance Jio users in these cities will be invited to experience Unlimited Data at up to 1 Gbps+ speeds, at no additional cost, starting immediately.

SoftBank Group Corp. (“SoftBank”) – Alibaba Group Holding Ltd. (“Alibaba”) will invest more than US\$1 billion in Turkey for a logistics hub at Istanbul’s airport and a data center near the Turkish capital, according to Michael Evans, president. Evans said in an interview with the Sabah newspaper published on Sunday that Alibaba has a serious investment plan at Istanbul Airport which can be used to evaluate e-export plans to Europe, the Middle East and the Far East. Alibaba is targeting Turkey for expansion because of its strong production capacity that could back e-commerce and become part of the company’s supply chain in Europe and the Middle East, Evans said. Expanding commerce and cloud-based units are expected to lift the company’s revenue. Evans urged Turkey to improve its e-commerce regulations to address certain shortcomings to have fair competition according to Sabah. Along with a logistics hub at Istanbul’s airport, Alibaba plans to build Turkey’s biggest data center in Temelli, near the capital of Ankara, according to Evans. The Alibaba-backed e-commerce platform Trendyol has become Turkey’s largest startup. Asked whether Alibaba has plans to enter the stock market in Turkey through Trendyol, Evans said that he believes that it is advantageous to be a public company. But this must be decided by Trendyol management.

Trendyol, a Turkish e-commerce company backed by Alibaba, raised \$1.5 billion in a 2021 round that included SoftBank and two Gulf wealth funds.

The capital raise, co-led by SoftBank’s Vision Fund 2 and General Atlantic, valued Trendyol at \$16.5 billion, according to an emailed statement from the company.

Samsung Electronics Co., Ltd. (“Samsung”) – Samsung announced a smart-home control device that doubles as a wireless charger at the

Consumer Electronics Show (“CES”) conference in Las Vegas, pushing deeper into a market led by Amazon.com, Inc. (“Amazon”). The new hub, called the SmartThings Station, allows users to remotely operate accessories such as lights, locks and thermostats in their homes, the company said Wednesday at the electronics event. A user’s phone or tablet can connect over the internet to the US\$80 hub, which can then operate the smart-home accessories wirelessly. The SmartThings capabilities are similar to features long offered by Amazon, as well as Apple Inc. (“Apple”) and Alphabet Inc. But Samsung’s new device differs from the competition and its own existing hub by doubling as a 15-watt wireless charging pad for phones, earbuds and other compatible items. The accessory also has a button that can activate what’s known as a SmartThings routine. A user can set up a sleep sequence that turns off lights and TVs and locks the door. And the new device supports the Matter smart-home protocol, letting it work with a range of technology from other companies. Samsung is using the annual CES expo as a showcase for new products. Earlier on Wednesday, it announced an update to its inexpensive A-series phone.

Ares Management Corporation (“Ares”) – Ares announced that Ashish Bhutani has joined its Board of Directors as an independent director. With Mr. Bhutani’s appointment, the Board now comprises 11 members, including six independent directors. Mr. Bhutani is a longstanding executive in the global asset management industry with over 25 years of experience. Most recently, Mr. Bhutani served as Chairman and Chief Executive Officer (“CEO”) of Lazard Asset Management (“LAM”), Vice Chairman of Lazard Ltd. (“Lazard”), LAM’s parent company, and was a member of the Board of Directors of Lazard from 2010 through June 1, 2022. As of November 30, 2022, Lazard managed approximately US\$221.0 billion of assets across a wide range of global, regional and country-specific strategies – both traditional and alternative – in listed equity and fixed income. Prior to joining Lazard in 2003, Mr. Bhutani worked at Wasserstein Perella Group Inc. and its successor company, Dresdner Kleinwort Wasserstein, where he was Co-CEO, North America, and a member of the Global Executive Committee from 2001 through 2002. Mr. Bhutani served as Deputy Chairman of Wasserstein Perella Group Inc. and CEO of Wasserstein Perella Securities from 1994 to 2001. Mr. Bhutani joined Wasserstein Perella Group Inc. in 1989, after starting his career at Salomon Brothers, Inc. in 1985. “Throughout his career, Ashish has been a transformative leader in building and managing global asset management businesses,” said Tony Ressler, Executive Chairman and Co-Founder of Ares. “With his demonstrated leadership in driving innovative and entrepreneurial cultures, we are confident that Ashish will bring invaluable experience, strategic vision and diverse insights to support Ares in its continued growth.” “Ashish brings deep industry knowledge, capital markets expertise and senior management experience to our Board,” said Michael Arougheti, CEO and President of Ares. “We are pleased to continue to enhance the diverse representation on our Board, and we look forward to leveraging Ashish’s perspective and unique skillset as we seek to advance our differentiated position within the alternative investment landscape, while continuing to deliver significant shareholder value.” “I am excited to join the Ares Board of Directors at such a significant inflection point for the business,” said Mr. Bhutani. “Ares has established a very strong reputation in the global market today and I look forward to collaborating with my colleagues to support the Firm’s strategic plans for continued expansion and product development.”

Samsung – Samsung’s profit dropped by the most in over a decade, as the company has been grappling with weak demand for memory chips, smartphones and displays as consumers tamp down holiday spending amid soaring interest rates and inflation. Adding to demand challenges, Apple which is one of Samsung’s biggest customers for displays and memory chips, suffered production delays at its iPhone assembly complex in the Chinese city of Zhengzhou. Samsung’s operating profit fell by 69% to 4.3 trillion won (US\$3.4 billion) for the three months ended December. Sales fell to 70 trillion won, according to a company statement. Samsung is slated to provide a full financial statement with net income and information on divisional performance on January 31. While Samsung’s inventory levels suggest a turnaround in the second quarter, a likely cut in memory chip production could mean a turnaround a bit earlier. After ramping up production to record levels to meet a pandemic-era surge in demand, chipmakers have since had to slash spending on new production and cut costs to cope. Samsung has previously said it has no immediate plans to cut output. Since then, however, memory chip price falls have accelerated as competition intensified over clients.

Amazon – Amazon announced that it will eliminate more than 18,000 jobs, a greater number than the 10,000 the company initially said it would be cutting in November 2022. While the move affects many employees, the total amount represents just 1.2% of Amazon’s 1.5 million global headcount, with the cuts largely in the People, Experience, and Technology and Amazon Stores business units. “Amazon has weathered uncertain and difficult economies in the past, and we will continue to do so,” Andy Jassy, CEO, wrote. “These changes will help us pursue our long-term opportunities with a stronger cost structure; however, I’m also optimistic that we’ll be inventive, resourceful, and scrappy in this time when we’re not hiring expansively and eliminating some roles.” The announcement comes a day after Salesforce, Inc. announced that it was cutting around 10% of its workforce, more than 7,000 employees, which adds to a growing list of companies that scaled back their workforces in 2022 to better weather an adverse macro demand environment.

Amazon announced a new collaboration with EVgo Inc. (“EVgo”), one of the largest U.S. charging networks, that will allow Alexa to navigate Electric Vehicle (“EV”) drivers to public charging spots and pay for the service. Using data from EVgo’s PlugShare community, Alexa will help guide the EV to nearby charging stations and facilitate payments for the charge using voice commands. Non-Tesla EVs are confronted with disparate competing charging networks, with varying levels of maintenance, and apps that may provide incomplete information. “The EV charging experience is a lot more fragmented than for gas customers, who can pretty much shop at any location,” said Anes Hodži, vice president at Amazon’s Smart Vehicles group. “We want Alexa to be useful for customers in their everyday lives, and EV charging is a great example of a task that can be simplified and made more convenient through the power of Artificial Intelligence (“AI”),” Hodži continued.

Meta Platforms, Inc. (“Meta”) – Meta is acquiring Luxexcel Holding B.V. (“Luxexcel”), a Netherlands-based smart eyewear company, for undisclosed terms, to help support the company’s long-term Virtual Reality (“VR”) and Augmented Reality (“AR”) ambitions. Luxexcel leverages 3D printing to produce prescription lenses for glasses, with recent efforts focusing on smart lenses that integrate technologies like LCD displays and holographic film. “We’re excited that the Luxexcel team has joined Meta, deepening the existing partnership between the two

companies,” said Meta to TechCrunch. Last Fall, Meta showcased the “Ray-Ban Stories” which are smart glasses that can capture photos and videos or make hands-free calls using WhatsApp and Facebook. Meta’s goal in acquiring Luxexcel reportedly could be to eventually produce prescription AR glasses, a product long anticipated from the company’s Reality Labs division. Historically, Meta’s corporate strategy for its AR and VR portfolio has been to conduct tuck-in acquisitions of smaller players that are industry leaders, with examples including last year’s purchase of Within Unlimited, Inc. and the 2014 acquisition of Oculus VisionTech Inc.

Microsoft Corporation (“Microsoft”) – Microsoft is reportedly planning to release a version of Bing that uses ChatGPT to answer search queries before the end of March, in an effort to be more competitive with Google Search. ChatGPT, a technology developed by AI company OpenAI, could enable Bing to provide more humanlike answers to questions beyond linking information. The Verge notes that Microsoft’s use of ChatGPT could also help Bing compete with Google’s Knowledge Graph, a knowledge base that Google uses to deliver instant answers that are regularly updated from scraping the web and through user feedback, with numerous other AI-based functionalities also potentially in the pipeline. ChatGPT introduced conversational AI to the mainstream in late 2022, impressing with the ability to generate answers and authentic-looking essays across an array of topics, although several system flaws still need to be resolved. Google has already stated that it won’t immediately launch its own competitor to ChatGPT because of “reputational risk,” though the company has been using various large AI language models to improve its search engine over the years.

LIFE SCIENCES

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Amgen, Inc. (“Amgen”) – Amgen announced the signing of a licensing agreement with Synaffix to develop next generation antibody-drug conjugates (“ADC”). Amgen will gain access to Synaffix’s antibody conjugation technology platforms comprising GlycoConnect, HydraSpace and select toxSYN linker-payloads for one ADC program with the option to exercise exclusive research and commercial licenses for an additional four programs at a later date. Under the terms of the agreement, Synaffix will be eligible to receive up to US\$2 billion in payments spanning signature, program nomination and milestone payments, plus tiered royalties on commercial sales which are consistent with the financials of the recently signed licenses of Synaffix ADC technology platform. Amgen will be responsible for the research, development, manufacturing and commercialization of the ADCs and Synaffix will continue to be responsible for the manufacturing of components that are specifically related to its proprietary technologies.

Fate Therapeutics Inc. (“Fate”) – Fate announced that it has declined a proposal from Janssen Biotech, Inc. for continuation of the collaboration and option agreement between the parties on revised terms and conditions and, as a result, the agreement has been terminated and all collaboration activities will be wound down in the first quarter of 2023. In addition, the company has completed a strategic review of its natural killer (“NK”) cell product pipeline and has elected to focus on advancing its most innovative and differentiated programs, which have a multiplexed-engineered cellular framework of novel synthetic controls designed to promote multi-antigen targeting, increase potency, extend functional persistence, and enable patient dosing with reduced conditioning chemotherapy. The company ended the fourth quarter with approximately US\$475 million in cash, cash equivalents, and receivables and, based on its pipeline prioritization and expense reduction, Fate expects to have sufficient financial resources through the end of 2025 to capitalize on its iPSC-derived chimeric antigen receptor (“CAR”) NK and CAR T-cell programs.

Telix Pharmaceuticals Limited (“Telix”) – Telix advised it is presenting at the 41st Annual JPMorgan Chase & Co. Healthcare Conference (9–12 January) in San Francisco. As part of the company’s presentation (lodged with this announcement), Telix has elected to disclose an unaudited revenue update for the fourth quarter of 2022, reporting revenue of AU\$76.8 million (US\$50.5 million) generated from sales of Illuccix® kit for prostate cancer imaging in the U.S. This is an increase of 39% on the third quarter of 2022, and a total of AU\$149.7 million (US\$100.4 million) revenue since Illuccix launch. Dr. Christian Behrenbruch, Group CEO and Managing Director, stated, “We are very pleased with the continued sales momentum since launching Illuccix in the U.S. in April 2022. The continued strong sales growth reflects our differentiated business model and execution in the U.S. market. We look forward to updating institutional investors on the progress of our commercial activities and our broader pipeline, including our recent excellent results in renal cancer.” Telix expects to report its Full Year Financial Results for the year ended 31 December 2022 on Monday 27 February 2023.

ECONOMIC CONDITIONS

Canadian employment registered a 104,000 increase in December, marking a fourth consecutive monthly gain and surpassing expectations for a 5,000 increase. December’s jobs gains combined to a two-tick increase in the participation rate resulted in a one-tick decrease in the unemployment rate unchanged to 5.0%. The increase in employment stemmed from full time (+85,000) and part-time (-20,000) employment. The public sector posted a second consecutive monthly decrease (-18,000), while the headcounts for private corporations increased (+112,000) for the fourth consecutive month. The number of self-employed people (+11,000), meanwhile, registered a third consecutive increase. December’s gain came from both the services (+82,000) and the goods sectors (+22,000). On the services side, notable gains were registered in the transportation/warehousing (+29,000), information/culture/recreation (+25,000) and professional/scientific services (+23,000) sectors. Meanwhile, declines were observed in health care (-17,000) and education (-10,000). On the goods sector side, gains stemmed exclusively from construction

(+35,000) while declines were observed in manufacturing (-8,000), utilities (-4,000) and forestry (-2,000) and agriculture was essentially unchanged (+1,000). Regionally, Ontario (+42,000), Alberta (+25,000) and British Columbia (+17K,000 registered sizable increases while employment Québec (+3,000) was steadier. The increase in wages was slightly down on a year-over-year basis, reaching 5.2% in December (5.4% in November). For the entire year, employment increased by 394,000 while the population 15 years and older grew at its highest pace since at least 1976 (+497,000) thanks to massive immigration. As a result, the unemployment rate dropped a full percentage point over the past year to 5.0% in December, just above the record low of 4.9% registered in June and July. All provinces experienced a decrease in the unemployment rate during the year, with New Brunswick recording the smallest decline (-0.1% percentage points ("p.p.)) and the largest improvements in energy producing provinces (Newfoundland -1.8 p.p. and Alberta -1.7 p.p.).

U.S. Nonfarm payrolls rose 223,000 in December, a little more than the market expected, though the prior two monthly gains were knocked down by a combined 28,000, neutralizing the impact. This is still above-normal job growth, but slower than the 256,000 in November, 375,000 monthly average in 2022 and 562,000 norm in 2021. The gains were widespread in the month, led by health care and leisure and hospitality, but even the struggling manufacturing and construction sectors managed to increase staff. So, even with a one tenth upturn in the participation rate, the unemployment rate slipped back to half-century lows of 3.5% from a downwardly-revised level of 3.6% the prior month. This is not what the Federal Reserve wants to see in our opinion, with Chair Powell aiming for "a better balancing of supply and demand in the labor market". The Federal Reserve will take some limited comfort though from somewhat slower wage growth. Averagely hourly earnings rose 0.3%, a step down from the prior month's pace and lowering the yearly rate to 4.6% from a downwardly-revised 4.8% (previously reported as 5.1%). As well, aggregate work hours fell for a second straight month, by 0.1%, and up just 1.1% annualized in the fourth quarter, less than half the prior quarter's pace. But we don't currently expect the Federal Reserve to ratchet down its hawkish talk or slow the pace of rate hikes on February 1.

U.S. ISM Manufacturing Purchasing Managers' Index slid 0.6 points to 48.4 in December, ending the year with the steepest slide since 2008. New orders (-2.0 points to 45.2) and production (-3.0 points to 48.5) both contracted as demand continued to fade amid a cooling economy. Meanwhile, a measure of prices paid for materials fell for the ninth straight month, down 3.6 points to 39.4, the lowest since April 2020. That should provide some positive news for goods inflation. Helping to tame price pressures are easing supply chain snarls. Supplier delivery delays fell 2.1 points to 45.1. In the past three decades only one other month posted a lower reading and that was March 2009—the depth of the Great Recession.



FINANCIAL CONDITIONS

The U.S. 2 year over 10 year treasury spread is now -0.69% and the UK's 2 year over 10 year treasury spread is 0.08%. 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 6.44%. 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 21.32 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Common sense is the collection of prejudices acquired by age eighteen."* Albert Einstein

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1. Not all of the funds shown are necessarily invested in the companies listed

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