Portland Investment Counsel®
Buy. Hold. And Prosper.®

NEWS HIGHLIGHTS

EST. 2007

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

JANUARY 16, 2023

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Reliance Industries Limited (Reliance) – Viacom18 Media Private Limited (Viacom18), backed by Mukesh Ambani, scooped up the television and digital broadcasting rights to the new women's Indian Premier League cricket tournament, which is looking to capitalize on fevered enthusiasm for the fast-paced format and growing popularity of female sports. The joint venture between Paramount Global and Ambani's Reliance secured the five-year rights for 9.51 billion rupees ($US116 million), according to a statement Monday from the Board of Control for Cricket in India, or Board of Control for Cricket in India (BCCI). This is the first time the local sports body is organizing a women's T20 cricket tournament, mirrored on the lines of the wildly-popular men's India Premier League (IPL), whose media rights the BCCI sold for $6.2 billion last year. Viacom18 paid about $3.1 billion for just the streaming rights of the men's IPL in a heated auction where The Walt Disney Company (Disney) secured the television broadcast license for $3 billion.

The latest sports rights acquired by Reliance show that Ambani wants a bigger slice of viewership in the cricket-crazy nation of almost 1.4 billion people to bolster his media and telecom businesses, with users consuming more content over smart phones. With women's professional sports gaining traction, female athletes are also increasingly insisting on more influence and better compensation.

BCCI, which accounts for about 80% of the sport's global revenue, this month invited tender offers for franchises to own and operate a women's IPL team. At $23 million per season, the media rights to the women's IPL is the world's second-highest deal for a female sports league after the U.S. women's National Basketball Association, according to Ampere Analysis.

Citroën India has announced a strategic partnership with Reliance BP Mobility Limited (Jio-bp), a fuels and mobility joint venture between Reliance Industries Limited and BP p.l.c.(bp) to build electric vehicle (EV) infrastructure and services across its network. Jio-bp will install DC fast chargers across Citroën's key dealership network and workshops across the country in phases. These chargers will also be open to the entire universe of EV car customers to help boost EV adoption among consumers. With the New Citroën ë-C3 All Electric scheduled for launch in the first quarter of 2023, this partnership will ensure Jio-bp's charging infrastructure network is accessible via the My Citroën Connect app. Jio-bp currently operates a rapidly expanding network of EV charging and swapping stations under the Jio-bp pulse brand. The entire range of Jio-bp pulse offerings can be accessed via its mobile app that helps customers easily locate EV charging stations in their vicinity, and facilitates digital payments amongst others. Jio-bp is creating an electric mobility ecosystem that will benefit stakeholders across the EV value chain and is expanding its Jio-bp pulse branded EV charging network by setting up charging facilities at multiple touch points within cities and major highways to ensure smooth intra-city and inter-city commutes for EV owners.

SoftBank Group Corporation (SoftBank) – DiDi Global Inc. (DiDi) has secured the green light to resume signing up new users, suggesting the worst is over after the Chinese government campaign to rein in its powerful internet industry. This is one of the clearest signs yet that Xi Jinping's administration, keen to jumpstart an economy after three years of COVID-19 Zero restrictions, sees a need for private sector's support in that broader campaign. Beijing is again allowing DiDi to bring in new users for the first time since regulators removed its main apps from stores in 2021, the company said in a statement on its official Weibo page. That suggests the services will soon return to Apple and Android stores. DiDi, once feted as the national champion that drove

Uber Technologies Inc. (Uber) out of China, was among the highest-profile companies at the heart of a clampdown on the internet industry that Beijing initiated in 2020, when it abruptly halted Ant Group Co. Ltd.'s IPO. Regulators cracked down on DiDi's business in 2021 after the company pushed ahead with a US$4 billion-plus U.S. initial public offering against Beijing's wishes. Relaunching the apps is a prerequisite for DiDi to resume business as usual, and to eventually work toward listing its stock in Hong Kong. It also suggests the government is serious about easing up on giants from Alibaba Group Holding Ltd. (Alibaba) to Tencent Holdings Ltd. A long-awaited virtual reappearance of DiDi would also remove some of the uncertainty that wiped out most of its value and forced it to trade on pink-sheet markets reserved for higher-risk securities. Beijing fined the company more than 8 billion yuan ($1.2 billion) at the conclusion of a year-long investigation into what it called serious violations of national security. It remains unclear under what conditions regulators would allow DiDi to resume work on a new listing. DiDi's case was filed to the Cyberspace Administration of China earlier and talks between the company and regulators have gone smoothly, according to people familiar with the matter, asking not to be identified discussing a sensitive matter.

Amazon.com, Inc. (Amazon) – Amazon announced that it is rolling out a service that lets merchants not only add the Prime badge, reviews, and ratings from their Amazon listings, but also the 'Buy with Prime' program's payment and fulfillment tools to other websites. The Buy with Prime program allows Prime members to check out on retailer sites using their Amazon account and receive free, two-day delivery, and while initially launched as an invite-only program, Amazon says the service will become available to all U.S. sellers by January 31st. The wider rollout of the program comes as Amazon is seeking new revenue streams given the macro headwinds impacting the core retail and cloud computing businesses. While Amazon did not disclose how much merchants are charged to use Buy with Prime, the company said pricing includes fulfillment and storage fees, which differ depending on sellers' inventory. Consumer News and Business Channel notes Buy with Prime puts Amazon in more direct competition with Shopify Inc. and BigCommerce Holdings Inc. by offering tools to sellers to manage their direct-to-consumer websites.

Samsung Electronics Co., Ltd. (Samsung) – Beijing BOE Display Technology Co., Ltd. (BOE), the leading iPhone display supplier, has received orders from Apple Inc. (Apple) for the iPhone 15 and iPhone 15 Plus for the second half of 2023. BOE may overtake Samsung as the largest iPhone display supplier by 2024. According to media reports BOE has outcompeted Samsung and won the majority of orders for new iPhone 15 and 15 Plus displays for the second half of 2023. If all goes well over the next few months with development and manufacturing, BOE will overtake Samsung as the top display supplier for the iPhone 15 and 15 Plus, with a market share of roughly 70% (compared to 30% for Samsung). In 2024, BOE will join Samsung and LG Display Co., Ltd. as major providers of panels for high-end iPhones. In the second half of 2023, BOE will likely become the top supplier of displays for the new iPhone if it can secure orders for 20–30% of the high-end iPhone Low-Temperature Polycrystalline Oxide screens and maintain a market share of approximately 70% for the low-end iPhone displays.

According to reports, BOE has previously attempted and failed, to become a more significant player in Apple's supply chain by failing product validation tests. Due to the pill-shaped display cut-out on the iPhone 14 Pro and iPhone 14 Pro Max, Apple needed a more sophisticated manufacturer than it had previously used, and until today, that manufacturer has been Samsung.

Ares Management Corporation (Ares) – Ares said it raised about US$5 billion for an infrastructure debt fund that invests in the debt of infrastructure assets such as data centers, telecommunication towers, ports and utilities. The new fund is the first infrastructure debt fund that Ares has raised following its acquisition of the infrastructure debt business of Sydney, Australia-based investment firm AMP Capital (AMP) in February last year. AMP had previously raised four such funds. The new fund is called Ares Infrastructure Debt Fund V and will acquire subordinated loans or bonds of infrastructure assets, particularly in the digital, transportation and renewable energy sectors across North America, Europe and Asia. Infrastructure funds raised $95.4 billion in the first nine months of last year, which is greater than the amount raised over the same period in each of the last 10 years with the exception of 2021, according to data provider Pitchbook Data, Inc. The new Ares fund raised more than each of AMP's prior four funds, which cumulatively collected more than $7.5 billion from investors. The debt fund has already invested about $2 billion of its capital. It provided $1 billion in so-called sustainability-linked debt facilities to Virginia-based data center provider EdgeConneX to refinance its existing debt, expand its operations and help the company hit its environmental and social governance targets. Los Angeles-based Ares was founded in 1997 and has more than $340 billion in assets under management across credit, private equity, real estate, infrastructure, and secondary fund investments.

Brookfield Asset Management Inc. (Brookfield) – The Toronto Stock Exchange has accepted a notice filed by Brookfield of its intention to commence a normal course issuer bid to purchase up to 31,785,036 Class A limited voting shares, representing approximately 10% of the public float of Brookfield's outstanding Class A shares. Purchases under the bid will be made on the open market through the facilities of the TSX, the New York Stock Exchange and/or alternative trading systems. The period of the normal course issuer bid will extend from January 11, 2023, to January 10, 2024, or an earlier date should Brookfield complete its purchases. Brookfield will pay the market price at the time of acquisition for any Class A shares purchased or such other price as may be permitted. As at December 28, 2022, Brookfield's 412,201,980 total issued and outstanding Class A shares represented a 25% interest in the approximately 1.65 billion shares of the asset management business, with the remaining 75% held by Brookfield Corporation Of the 412,201,980 issued and outstanding Class A shares, 317,850,364 Class A shares represented the public float. All Class A shares acquired by Brookfield under this bid will be cancelled and/or purchased by a non-independent trustee pursuant to the terms of Brookfield's long-term incentive plans.

Danaher Corporation (Danaher) – Danaher said it expected fourth-quarter sales to rise in the "low-single-digit percent range," despite what executives said was a "challenging environment" for the maker of diagnostic and life-sciences equipment. Rainer Blair, Chief Executive, said the company's core business saw "high-single-digit" revenue growth, while the molecular diagnostic business in Cepheid, which Danaher acquired in 2016, had "better than expected growth," with more than US$1 billion in respiratory testing revenue.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Citigroup Inc. (Citi) reported fourth quarter of 2022 generally accepted accounting principles (GAAP) earnings of US$1.16 per share but core earnings per share (EPS) of $1.10 missed consensus of $1.24 by 8%, due to higher-than-expected operating and credit costs. Results included divestiture-related impacts/benefit of $192 million ($113 million after-tax), primarily a gain on the sale of the Thailand consumer business. Relative to Citi's fourth quarter of 2022 reported EPS of $1.16, we calculate $1.10 core by stripping out a gain from the sale of Citi's consumer business in Thailand (-$0.06). In terms of fundamentals, average loans were flattish quarter over quarter; average deposits were up +3% quarter over quarter; Non Performing Accounts were down 15% and loan loss reserve build of approximately $0.8 billion was in line with forecast. Share count was flattish with no gross buy backs in the quarter; book value was up 1% and tangible book value per share +2% sequentially. Reported results translate to a 6% Return on Tangible Equity (ROTCE) on Common Equity Tier 1 capital (CET1) of 13.0%, the latter benefitting from the more material Risk Weighted Assets decline effected in the quarter. With respect to the forward look (i) guidance to full year 2023 revenues of $78-79 billion (excluding 2023 divestiture-related impacts) -- this is modestly above current base case forecast of $77 billion; (ii) expenses of approximately $54 billion (excluding 2023 divestiture-related impacts)- this is above current base case forecast of $52 billion. Citi's expense guidance suggested additional earnings pressure and negative operating leverage in 2023; Citi expects to "bend the curve" on costs, but not until the end of 2024. Moderating expense growth, while returning more capital to shareholders, will be key to Citi's success in delivering on its 11-12% ROTCE target.

JPMorgan Chase & Co. (JPMorgan) reported fourth quarter EPS for 2022 of US$3.57 well above consensus at $3.08. Results included an unanticipated $0.23 per share gain on sale of Visa B shares largely offset by securities losses ($0.22/share). On fundamentals, upside was revenue and operating leverage-driven; credit costs were lower than forecast. Average loans were up 1% quarter over quarter; deposits down 3%; Investment Banking Division revenue generation was in line; equities trading was better than forecast while Fixed Income, Currency and Commodities were weaker; there were $70 billion of net long-term inflows in asset management; aggregate net charge offs of $0.9 billion were lower than forecast and the bank added $1.4 billion to loan loss reserves (expect the latter to reflect incrementally more conservative macro assumptions). All in, a 20% ROTCE with CET 1 increasing 70 basis points quarter over quarter, to 13.2%. On the macro as per Jamie Dimon, CEO: "The U.S. economy currently remains strong with consumers still spending excess cash and businesses healthy. However, we still do not know the ultimate effect of the headwinds coming from geopolitical tensions including the war in Ukraine, the vulnerable state of energy and food supplies, persistent inflation that is eroding purchasing power and has pushed interest rates higher, and the unprecedented quantitative tightening. We remain vigilant and are prepared for whatever happens, so we can serve our customers, clients and communities around the world across a broad range of economic environments." 2023 guidance is essentially in line with prior guidance.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

GO TO ITM AG INVESTMENT TRUST[1]

GO TO ITM AG INVESTMENT LP[1]

Guardant Health Inc. (Guardant) – Guardant announced preliminary fourth quarter financial results, which included revenue of between US$124 million and $127 million, an increase of between 15% and 17% and 36,000 tests to clinical customers and 8,200 tests to biopharma customers, an increase of 41% and 24%, respectively. For the year, the company expects revenue of between $447 million and $450 million, an increase of 20%. Guardant also reported 124,800 tests to clinical customers and 26,000 tests to biopharma customers, an increase of 42% and 40%, respectively. Cash, cash equivalents and marketable debt securities were $1.0 billion as of December 31, 2022.

IGM Biosciences Inc. (IGM) – IGM announced an update on its clinical development program for IGM-8444, a novel multivalent DR5 agonist, and announced plans for a new randomized combination trial in patients with metastatic colorectal cancer. Initial Phase 1 data reported from a cohort of patients with combination treatment of IGM-8444 and FOLFIRI showed an encouraging safety profile, which was broadly comparable to that expected from chemotherapy alone in this setting. Specifically, there was no drug related clinically significant hepatotoxicity, with only grade 1 and grade 2 transient liver enzyme elevations observed. In patients with metastatic colorectal cancer, the combination of IGM-8444 and FOLFIRI showed promising activity, with multiple confirmed responses observed even in patients who had previously progressed on FOLFIRI. In 13 metastatic patients treated with doses of IGM-8444 from 1 to 10 mg/kg plus standard doses of FOLFIRI chemotherapy, there were four responses observed (three confirmed at 3mg/kg), and one additional patient had substantial tumor shrinkage allowing for subsequent complete surgical resection. Responses occurred in patients with KRAS wild type and mutated tumors and in patients with or without liver metastases. The majority of patients were on their third line of treatment or beyond and 10 of the 13 patients had previously been treated with FOLFIRI chemotherapy. Median progression free survival (PFS) among nine third- or later-line therapy patients was 5.5 months, with the longest observed PFS extending beyond 12 months. Based on these results, the company is initiating a randomized trial in second-line patients with metastatic colorectal cancer to assess the additional benefit of IGM-8444 combined with the current standard of care regimen of FOLFIRI and bevacizumab. This open label trial is planned to begin in the first quarter of 2023. “We are very pleased with the initial results observed with IGM-8444,” said Chris Takimoto, M.D., Ph.D., Fellowship in the American College of Physicians, Chief Medical Officer of IGM.

POINT Biopharma Global Inc. (POINT) – POINT announced the completion of enrollment for the randomization phase in the pivotal phase 3 SPLASH trial, on schedule and meeting previous guidance. SPLASH is a multi-center, randomized, open label assessment of 177Lu-PNT2002 in participants with Prostate Specific Membrane Antigen (PSMA)-expressing metastatic castration resistant prostate cancer who have progressed on androgen receptor pathway inhibitor therapy and refuse, or are not eligible for, chemotherapy. Enrollment for randomization was completed on schedule with more than 390 participants randomized across 55 SPLASH trial sites in North America, Europe, and the United Kingdom. The phase 3 SPLASH trial is a multi-center, randomized, open label assessment of PNT2002 in participants with PSMA-expressing metastatic castration resistant prostate cancer (Mcrpc) who have progressed on androgen receptor pathway inhibitor (ARPI) therapy and refuse, or are not eligible for, chemotherapy. The randomization phase of the study enrolled over 390 participants across North America, Europe, and the United Kingdom. Participants were randomized 2:1 with those in arm A receiving PNT2002 and those in arm B receiving either abiraterone or enzalutamide. Participants in arm B who experience centrally assessed radiographic progression and meet protocol eligibility will have the option to crossover and receive PNT2002. Patients will be subject to follow-up for up to 5 years from their first PNT2002 dose. The primary endpoint of the study is radiographic progression-free survival. Key secondary endpoints include overall response rate, overall survival, and pharmacokinetics.

Schrodinger, Inc. (Schrodinger) – Schrodinger announced a multi-part deal with Otsuka Pharmaceutical Co., Ltd. (Otsuka) and its Astex Pharmaceuticals subsidiary—including discovery work in “an emerging central nervous system disease target,” plus a licensing deal that will employ Schrödinger’s Artificial Intelligence platform at a new Otsuka drug discovery facility. Under the partnership, Schrödinger will handle the drug design and lead optimization stages, after which Otsuka will take charge of further drug discovery and clinical development work. Schrödinger received an unspecified upfront payment, and could receive discovery, development and regulatory milestones, as well as tiered sales royalties. Meanwhile, Schrödinger reported it would also tackle a new in-house program in Parkinson’s disease. After generating cryo-electron microscopy structures last year of the protein LRRK2, found in the brain and other tissues, the company said it plans to select a candidate inhibitor for development in 2024.

Telix Pharmaceuticals Ltd. (Telix) – As part of the company’s presentation at the 41st Annual JPMorgan Healthcare Conference in San Francisco, 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 United States 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 United States 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.”

ECONOMIC CONDITIONS

U.S. Consumer Price Index (CPI) headline as expected, declined 0.1% in December (following a 0.1% increase in November) marking the first decline in five months for this indicator and lowering the yearly pace to 6.5% (lowest since October 2021) from 7.1%. A 9.4% slide in gasoline will do that. More encouraging is that food costs rose just 0.3% and have been easing for several months (though still up 10.4% year over year). Core prices rose an expected 0.3%, which was a step up from the prior month’s pace but good enough to lower the 3-month annualized rate to 3.1% (the lowest since September 2021) and well below the current 5.7% yearly rate, which was down from 6.0% in November and the four-decade peak of 6.6% in September. Core goods prices fell for a third straight month (by 0.3%), led by falling used vehicle prices and the first decline in new auto prices in a while. On the services side, rent remained the biggest forward driver, with both primary rent and Owner’s Equivalent Rent clocking in at 0.8%, at the high end of recent ranges. However, with both market rents and home prices under pressure, we should see this pressure start to diminish likely by the spring.

November Australian Headline CPI rose +0.8% month over month taking the annual rate to 7.3% (market 7.2%, prior 6.9%) and the trimmed mean printed at 0.4% month over month, pushing the annual print to 5.6% (market 5.5%, prior 5.4%). The slight ‘beat’ versus consensus for November and higher electricity prices feeding into December’s monthly inflation print mean risks to inflation are still tilted to the upside in our view. In terms of details, the most significant contributors to the annual rise in headline CPI were Housing (+9.6%), Food and non-alcoholic beverages (+9.4%), Transport (+9.0%), Furniture, household equipment and services (+8.4%) and Recreation and culture (+5.8%). Retail Sales for November came in very strong, +1.4% month over month vs consensus at +0.6%. From this information there is little to suggest in our view the Reserve Bank of Australia can afford to pause at next month’s Board meeting.

UK Gross Domestic Product surprised sharply to the upside in November, rising 0.1% month over month (market: -0.2%) — expanding on last month’s better than expected print. Services output also came in sharply above expectation, rising 0.2% month over month (market: -0.1%), with the largest driver being administrative & support service activities. Moreover, food and beverage services was another major boost to services output due to the start of the FIFA World Cup, and pushed consumer-facing services output 0.4% higher on the month. On the other hand, manufacturing production came in sharply weaker than expected, declining 0.5% month over month (market: -0.2%), largely due to a drop in pharmaceutical production. Overall, this should support the Bank of England in February to consider a 50 basis points rate increase in our view.

FINANCIAL CONDITIONS

The U.S. 2 year over 10 year treasury spread is now -0.73% and the UK's 2 year over 10 year treasury spread is -0.13%. 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 6.18%. 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 19.49 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: Happy Martin Luther King Jr. day to all Americans. *"We must accept finite disappointment, but never lose infinite hope"*

Portland Investment Counsel Inc. currently offers Mutual Funds & Private/Alternative Products - visit www.portlandic.com

Individual Discretionary Managed Account Models - SMA

Net Asset Value:

The Net Asset Values (NAV) of our investment funds are published on our Portland website at www.portlandic.com/prices

We want to share our insights with you and welcome your feedback. Our website has the latest, as well as archived videos, company profiles, and press articles. Please visit us at www.portlandic.com

Portland Investment Counsel Inc. **portlandinvestmentcounsel** **Portland Investment Counsel Inc.** **@PortlandCounsel**

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

Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel.:1-888-710-4242 • www.portlandic.com • info@portlandic.com

PIC23-005-E(01/23)