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NEWS HIGHLIGHTS

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

MARCH 6, 2023

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Reliance Industries Ltd. (Reliance) has tapped a top executive from McLaren Strategic Ventures (McLaren) as Chief Executive Officer (CEO) for its newly-created financial services unit that is preparing for a listing in India, according to people familiar with the matter. Hitesh Sethia is due to join Jio Financial Services Ltd. (Jio Financial) as its CEO and managing director, said the people, who asked not to be identified as the information is private. Sethia joined McLaren as its head of Europe in June last year and has been based in Frankfurt. He will move back to India to take up the new position at Reliance, the people said. A representative for Reliance declined to comment, while Sethia didn't immediately respond to a request for comment. Sethia's appointment comes as Mukesh Ambani seeks to list Jio Financial in India after spinning it off. It appointed K. V. Kamath as non-executive chairman in November and has yet to provide a timeline for the initial public offering (IPO). Jio Financial will be a technology-led business, delivering financial products digitally by leveraging the nationwide omni-channel presence of Reliance's consumer businesses, according to a statement last year when the spinoff was announced. It is uniquely positioned to capture opportunities and bring millions of Indians into formal financial institutions. Prior to joining McLaren, Sethia worked through the ranks at ICICI Bank Limited. He started as a relationship manager in the corporate banking group at the Indian lender in Chennai in 2000. He had stints in Toronto, Frankfurt, London and Hong Kong and was head of the transaction banking business before he left the bank last year.

Amazon.com, Inc. (Amazon) announced that it is closing eight cashier-less Go stores across New York City, Seattle, and San Francisco on April 1, and the company is also pausing construction on its second headquarters in Arlington, Virginia. These latest moves are in line with the company's current initiative to reduce costs across the firm, which includes the layoffs of 18,000 roles, mostly impacting personnel from the retail and recruiting divisions. "Like any physical retailer, we periodically assess our portfolio of stores and make optimization decisions along the way. We remain committed to the Amazon Go format, operate more than 20 Amazon Go stores across the U.S., and will continue to learn which locations and features resonate most with customers," said Jessica Martin, Amazon spokesperson.

Alphabet Inc. (Alphabet) is rolling out improvements to the latest version of Chrome that make it less battery intensive for MacBooks. The company said that version 110 will provide a performance boost on both new MacBooks with Apple processors and even older models with the update rolling out to all users this week. According to internal tests, Google showed that users can watch 18 hours of YouTube videos or browse the web for 17 hours on the new M2-powered MacBook Pro running macOS Venture with the new version. Google began testing memory and energy saver modes last year, which in addition to the new Chrome, could save users even more battery life.

Samsung Electronics Co., Ltd. (Samsung) South Korea will try to persuade the U.S. to let its chipmakers in China retain current levels of semiconductor investment, a news report said, as Washington prepares to roll out further provisions to prevent investment flowing into China. The basic purpose of the so-called guardrail provision is to prevent companies that receive U.S. subsidies from conducting business in countries of concern, according to Yonhap News Agency. South Korean officials are discussing various ways for its country's companies already investing in China to avoid harm, the officials told Yonhap. South Korean companies won a one-year reprieve from sweeping U.S. export controls unveiled in October that prevent chipmakers from bringing in equipment for their advanced facilities in China. Without a license extension, it is unclear how Samsung and SK Hynix Inc. would proceed. Both depend on China as a key market and a manufacturing site for their memory chips. The Biden administration is seeking help from its global partners to impose sweeping curbs on the sale of advanced chips equipment to China in a policy aimed at preventing the country's progression in a range of cutting-edge technologies.

U.S., Japan and South Korea held an economic security dialogue on Monday to discuss semiconductors and other advanced tech issues.

SoftBank Group Corp. (SoftBank) Artificial intelligence-powered robot developer CloudMinds Inc. (CloudMinds) is considering a Hong Kong initial public offering that could raise as much as US$500 million, according to people familiar with the matter. The Shanghai-based firm is working with China International Capital Corporation Limited (CICC) and Haitong International Securities Group Limited (Haitong) on preparations for the share sale, the people said. A listing could take place as early as this year, said the people, who asked not to be identified as the information is private. Deliberations are preliminary and details of the IPO, including size and timeline, could change, the people said. Representatives for CICC, CloudMinds and Haitong didn't immediately respond to requests for comment. CloudMinds could be joining other tech startups in tapping the Hong Kong IPO market instead of going for a U.S. listing as China steps up scrutiny of sensitive technology and tightens oversight of data security. Founded in 2015, CloudMinds develops cloud-based robots with artificial intelligence that can be used in restaurants and hotels for food delivery, cleaning and patrolling, according to its website. It also runs an interactive visual interaction platform that could be tailor-made for banks, shopping malls and transportation hubs for handling customer queries. The startup counts the SoftBank Vision Fund and FIH Mobile Limited, the Hong Kong-listed unit of Foxconn Technology Group Co., Ltd., among its investors. CloudMinds in 2019 filed for a U.S. listing and listed Citigroup Inc., JPMorgan Chase & Co. and UBS Group AG as the arrangers. The U.S. in May 2020 sanctioned the startup by adding some of its affiliated companies to the entity list, blocking it from sharing U.S.-origin technology.

SoftBank's Arm Ltd. (Arm) is seeking to raise at least US$8 billion in a U.S. initial public offering, Reuters reported. The British chip designer is expected to confidentially submit paperwork for its IPO in late April with the listing expected to take place later this year, the news agency said, citing unidentified people familiar with the matter. An exact timing will be determined by market conditions, according to the report. The reported size of the listing would make Arm one of the largest IPOs in the U.S. of the last decade. Bankers had pitched a valuation of between $30 billion to $70 billion for the listing, a wide range that underlines the challenges of valuing the firm against a backdrop of volatile semiconductor equity prices. Arm, whose technology is found in most of the world's smartphones and is becoming more pervasive across the electronics industry, confirmed last week plans to list solely in the U.S., rejecting calls from the UK government to conduct a dual listing in its home market. Tokyo-based SoftBank spent $32 billion to buy the business in 2016. At the time, it promised UK regulators that it would create more jobs there and not move the headquarters. Goldman Sachs Group Inc., JPMorgan Chase & Co., Barclays plc and Mizuho Financial Group Inc. are expected to be the lead underwriters for the IPO, Reuters said.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Bank of Montreal reported first quarter adjusted earnings per share (EPS) of CA$3.22 vs. consensus $3.16. The beat was attributable to lower Provisions for Credit Losses (PCLs) (+8 cents), taxes (+5 cents), offset by a Pre-tax, pre-provision earnings (PTPP) miss (-10 cents), mainly due to higher than expected expenses (-25 cents) offset by higher revenues (+15 cents), mainly from trading. Consolidated adjusted PTPP was down 5% year over year. Operating leverage was -6%. Canadian property & casualty companies (P&C) adjusted PTPP growth was 9% year over year. PCLs of $164 million compared to a PCL of $174 million last quarter. Net Interest Margin was up 4 basis points quarter over quarter at 2.70%. Segment loan growth was 12% year over year (+2% quarter over quarter), led by commercial up 16% year over year (+2% quarter over quarter). U.S. P&C reports 12% year over year PTPP growth (USD basis). $46 million of PCLs vs. a PCL of $46 million in the fourth quarter of 2022). Net Interest Margin was up 4 basis points quarter over quarter. Segment loans were up 10% year over year (+1% year over year) with commercial loans up 11% year over year and up 2% quarter over quarter. Capital Markets adjusted net income down 28% year over year (PTPP down 30% over the year). Total adjusted trading revenues were approximately $700 million. Advisory revenues were $208 million vs. forecast of $235 million. Wealth adjusted net income down 12% year over year while Insurance earnings were up 29% year over year. Core Equity Tier 1 capital ratio of 18.2%, up from 16.7% last quarter. Pro forma Core Equity Tier 1 was approximately 12%. Common shares issued to comply with increased regulatory requirements was a major driver (+92 basis points impact) along with +28 basis points of internal capital generation, +10 basis points from the dividend reinvestment program and +64 basis points from lower risk weighted assets (reflecting foreign exchange rates impact and a 35 basis points benefit from Credit Risk transfers). These were offset by -40 basis points from management of fair value changes and -10 basis points of Capital Requirements Directives ("CRD")/surtax. PCLs of $217 million vs. consensus forecast of a PCL of $298 million.

Bank of Nova Scotia reported first quarter core cash EPS of CA$1.85 vs consensus of $2.02. The miss was tied to lower revenues (-17 cents), higher expenses (-10 cents) and other items (-4 cents), offset by a lower tax rate (+10 cents). The bank reported core Return On Equity of 13.4% this quarter. Consolidated PTPP was down 8% year over year. Excluding trading revenues, consolidated revenue was down 1% year over year. Canadian P&C adjusted PTPP growth of 7% year over year. Net Interest Margins were flat quarter over quarter. PCL ratio of 19 basis points was up 4 basis points quarter over quarter. Segment loan growth was 9% year over year (+1% quarter over quarter), led by commercial (22% year over year and 3% quarter over quarter) and mortgage loans (7% year over year and flat quarter over quarter). Cards balances were up 12% year over year (up 4% quarter over quarter). International Banking adjusted PTPP up 11% year over year (constant foreign exchange rates). PCL ratio of 96 basis points was up 7 basis points quarter over quarter. Net Interest Margins decreased 8 basis points quarter over quarter to 4.00%. Loan growth of 13% year over year (+3% quarter over quarter) was driven by mortgages up 14% year over year (3% quarter over quarter), commercial up 13% year over year (3% quarter over quarter). Card balances were up 21% year over year and up 5% quarter over quarter. Capital Markets adjusted PTPP down 1% year over year. Trading revenues of $722 million were above our $530 million estimate. Advisory revenues of $102 million were below our $140 million estimate. Global Wealth earnings down 7% year over year (PTPP down 7% year over year). Assets under management was down 7% year over year and assets under administration was up 1% year over year, primarily driven by market depreciation. Core Equity Tier 1 capital ratio of 11.5% was flat vs the fourth quarter of 2022 and was driven by organic capital generation of +21 basis points, +9 basis points from revaluation of Fair Value through Other Comprehensive Income securities and offset by -16 bps from Risk weighted assets inflation, -12 basis points from Canada recovery dividend and other items (-2 basis points). The Bank of Nova Scotia announced the implementation of a discount on its dividend reinvestment program. It also expects a 20-30 basis point Core Equity Tier 1 benefit from the second quarter of 2023 Basel 3 reforms. PCLs of $638 million vs. consensus of $619 million.

Royal Bank of Canada reported first quarter adjusted EPS of CA$3.10 vs. consensus estimate of $2.96. The beat was driven by higher revenues (+$0.27) and a lower tax rate (+$0.10) offset by expenses (-$0.29) and PCLs (-$0.02). Consolidated PTPP was up 7% year over year. Canadian P&C reports 18% PTPP growth. Segment loan growth was 9% year over year (1% quarter over quarter), led by commercial up 15% year over year (3% quarter over quarter), while mortgage loan growth was 8% year over year (1% quarter over quarter). Card balances were also up 13% year over year (up 3% quarter over quarter). Net interest margin increased 3 basis points quarter over quarter to 2.73%. PCLs of $391 million compared to PCLs of $386 million last quarter. Capital Markets earnings were up 9% year over year (PTPP down 3% year over year). Total trading revenues of $1.3 billion. Advisory revenues were $512 million. Wealth Management earnings were up 3% year over year (PTPP up 7%). City National Bank retail loan growth was 20% year over year and commercial loan balances grew 15% year over year. Net interest margin decreased 5 basis points quarter over quarter (+70 basis points year over year). Core Equity Tier1 capital ratio of 12.7% was up approximately 10 basis points from last quarter and was the result of internal capital generation of +70 basis points and other (+6 basis points), which were offset by dividends (-31 basis points), impact of the CRD and other tax-related adjustments (-20 basis points) and risk weighted average inflation (-17 basis points). The bank declared a common share dividend of $1.32 per share, representing a 3% increase from the fourth quarter of 2022. PCLs of $532 million vs. consensus forecast of $471 million.

Toronto-Dominion Bank (TD) First Horizon Corporation (FHN)'s 10-K revealed that TD had provided notice that it did not expect to receive regulatory approval to close the transaction by the currently planned closing date of May 27, 2023. This closing date had already been pushed back on February 9, 2023 (i.e., from an originally planned closing date of fiscal quarter one). TD could be negotiating for a better price, given the big correction in U.S. bank stocks since the deal was announced. However, we believe regulatory approval uncertainty is legitimate, especially considering the TD/FHN transaction has already faced some political backlash.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

GO TO ITM AG INVESTMENT TRUST[1]

GO TO ITM AG INVESTMENT LP[1]

BridgeBio Pharma Inc. (BridgeBio) – BridgeBio announced positive results from PROPEL2, a Phase 2 trial of the investigational therapy infigratinib in children with achondroplasia, demonstrating potential best-in-class efficacy and a clean safety profile. Infigratinib is an oral small molecule designed to inhibit FGFR3 and target achondroplasia at its source. To date, key results from the clinical trial included that at the highest dose level evaluated to date (Cohort 5, 0.25 mg/kg once daily), the mean increase from baseline in annualized height velocity (AHV) for the 10 children that have had six-month visits was +3.03 cm/year ($p = 0.0022$). Also, the baseline AHV for the 10 children with six-month visits was in the expected range for children with achondroplasia at 3.73 cm/year, rising to 6.77 cm/year after treatment. In addition, 80% of the 10 children with six-month visits were responders, with a change from baseline AHV of at least 25%. Among the responders, the average change from baseline in AHV was +3.81 cm/year. Preliminary analysis of Collagen X (CXM) levels also saw a statistically significant increase from baseline in Cohort 5 ($p=.03$). CXM is the gold-standard biomarker of chondrocyte-driven growth and further validates the robust response to infigratinib. Median follow-up across all cohorts is 71.1 weeks. To date, the study has shown a well-tolerated safety profile, with no study drug related treatment emergent adverse events (TEAEs) in Cohort 5. No serious adverse events (SAEs) or discontinuations due to AEs were reported in any cohort. "The data from Cohort 5 has shown a major impact on annualized height velocity for children with achondroplasia and an excellent safety profile to date. We are thrilled to see these promising results and consider that AHV increases of this magnitude will translate to improvements in the medical and functional complications of achondroplasia. We are excited about taking the next steps towards initiating a Phase 3, pivotal clinical trial," said Professor Ravi Savarirayan, M.D., Ph.D., clinical geneticist and group leader of molecular therapies research at the Murdoch Children's Research Institute in Australia, the lead investigator for PROPEL2.

Fate Therapeutics Inc. (Fate) – Fate reported business highlights and financial results for the fourth quarter and full year ended December 31, 2022. Cash, cash equivalents and investments as of December 31, 2022 were US$441.2 million. In addition, as of December 31, 2022, cash receivables from the company's collaborations with Janssen Pharmaceuticals (Janssen) and ONO Pharmaceutical Co., Ltd. (ONO) were $38.5 million. Revenue was $44.4 million for the fourth quarter of 2022, which was derived from the company's collaborations with Janssen and ONO. Research and development expenses were $87.2 million for the fourth quarter of 2022, which includes $12.4 million of non-cash stock-based compensation expense. General and administrative expenses were $21.6 million for the fourth quarter of 2022, which includes $7.0 million of non-cash stock-based compensation expense.

Radnet Inc. (Radnet) – Radnet reported fourth quarter and full year financial results, which included revenue from its imaging centers reporting segment of US$1,426 million and adjusted Earnings before interest, taxes, depreciation and amortization (EBITDA), excluding losses from the artificial intelligence reporting segment, of $209.0 million. Revenue increased $112.0 million (or 8.5%) and adjusted EBITDA decreased $2.9 million (or 1.4%). For 2022, Radnet reported net income of $10.7 million, a decrease of approximately $14.1 million over 2021. Per share diluted net income for the full year of 2022 was $0.17, compared to a diluted net income per share of $0.46 in 2021 (based upon a weighted average number of diluted shares outstanding of 57.3 million in 2022 and 53.4 million in 2021).

Schrodinger, Inc. (Schrodinger) – Schrodinger announced financial results for the fourth quarter and full-year ended December 31, 2022, and provided its financial outlook for 2023. Total revenue for the full year increased 31% to US$181.0 million, compared to $137.9 million for 2021. Software revenue for the full year 2022 increased 20% to $135.6 million, compared to $113.2 million for 2021, with multi-year agreements making a similar contribution to reported revenue to the contribution in 2021 and 2020. Drug discovery revenue for the full year was $45.4 million for the full year 2022, compared to $24.7 million for 2021. Software gross margin was 78% for the full year, compared to 77% for 2021. Net loss for the full year was $149.2 million, compared to $101.2 million for 2021. At December 31, 2022, Schrödinger had cash, cash equivalents, restricted cash and marketable securities of approximately $456 million, compared to approximately $479 million at September 30, 2022. As of February 28, 2023, Schrödinger provided the following expectations for the fiscal year ending December 31, 2023. Software revenue growth is expected to be in the range of 13% to 17%. Drug discovery revenue is expected to range from $70 million to $90 million. Software gross margin is expected to be similar to software gross margin for the full year 2022. Operating expense growth in 2023 is expected to be significantly lower than operating expense growth in 2022 and to be similar to revenue growth in 2023. Cash used for operating activities in 2023 is expected to be below cash used for operating activities in 2022. For the first quarter of 2023, software revenue is expected to range from $31 million to $35 million, and drug discovery revenue is expected to range from $30 million to $34 million.

ECONOMIC CONDITIONS

Canadian Real Gross Domestic Product (GDP) surprised to the downside in the fourth quarter with a flat print, falling short of the market consensus (+1.6%) and Bank of Canada projections from the January Monetary Policy Report (+1.3%). Details were less downbeat, with a large drag from inventories as domestic demand rose by 1.0% annualized. Industry-level GDP for December was also weaker than expected at -0.1% over the month (market: 0.0%) with a large drag from natural resources weighing on the headline print. New flash estimates call for a 0.3% month over month rebound in January, which introduces some upside risks to the first quarter, but the fourth quarter miss should give the Central Bank some support that higher interest rates are working to slow demand.

U.S. ISM services Purchasing Managers Index fell just a tick to 55.1 in February. That was better than expected and marks an expansion for the second month. Although business activity fell 4.1 points to 56.3 last month, new orders climbed 2.2 points to 62.6, the highest since November 2021, suggesting demand remains robust. The gauge is now about 6 points below the record high posted in October 2021 (data only goes back to 1997). Supplier delivery times shortened again, with the best delivery performance since June 2009 while order backlogs edged down on improving supply chain snarls. Meantime, the employment index jumped 4.0 points to 54.0, above the 50-mark for the second straight month amid strong labour market conditions. Looking ahead, momentum for the still-strong services sector will depend on labour market conditions. Robust services demand could keep inflation sticky, putting more pressure on the Fed to keep going with rate hikes

China's services sector rose sharply, the Caixin index rising from 52.9 in Jan to 55 in Feb, beating analyst forecasts at 54.5. The strong print, notching the fastest increase in activity since last August follows beats across the Caixin manufacturing releases. The upturn was driven by the strongest rise in new business from abroad since April 2021, new export growth hitting the highest in almost 4 years and businesses taking on additional workers with employment expanding at the quickest rate since November 2020. Companies cited the easing of pandemic related restrictions and easing disruptions lifting activity and demand in the Feb survey period. The 12-month outlook also showed businesses remaining highly upbeat.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.93% and the UK's 2 year/10 year treasury spread is 0.11%. 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 6.74%. 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 18.69 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"People calculate too much and think too little." ~Charlie Munger*

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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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