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NEWS HIGHLIGHTS

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

APRIL 17, 2023

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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

SoftBank Group Corp. (SoftBank) – SoftBank is moving to sell the majority of its stake in Chinese internet giant Alibaba Group Holding Limited (Alibaba), the Financial Times reported. The Japanese technology investor has sold more than US$7 billion in Alibaba shares this year through prepaid forward contracts, after selling $29 billion last year, according to the newspaper. The contracts give SoftBank the option to buy the shares back, but the group has settled previous deals by handing over the stock, the Financial Times reported. SoftBank has said it would prioritize financial discipline before seeking the right time to go on the offensive with investments. Investors are also speculating if the company will launch another buyback program. The sales will reduce the Japanese conglomerate's ownership of Alibaba to less than 4%, the paper said, citing its analysis of regulatory filings. That's down from around a 14.6% stake the company said it was slated to hold as of end-September. SoftBank once owned about a third of the company spanning from an early $20 million investment in one of venture capital's most famous bets. Alibaba, along with other technology companies, has come under intense scrutiny from the Chinese government in recent years. Last month, Alibaba said it plans to split its $240 billion business into six units that will individually raise funds and explore initial public offerings. Masayoshi Son, SoftBank's billionaire founder has said he wants to focus on a planned listing of its chip design unit Arm Ltd. (Arm) later this year and make the debut the biggest in the history of the semiconductor industry. The re-listing of Arm, which had traded on the London exchange prior to SoftBank's $32 billion acquisition in 2016, is expected to be a big windfall for the world's biggest technology investor.

SoftBank is selling its early-stage venture capital arm SoftBank Ventures Asia Corp. The Japanese tech investor said it plans to sell SoftBank Ventures Asia Corp., which helped SoftBank scout promising startups over the last decade, to an entity led by Taizo Son, Singapore-based Mistletoe founder, the younger brother of Masayoshi Son, SoftBank founder. The Seoul-based venture capital arm, which has about US$2 billion in assets under management, has bought stakes in companies including South Korean car-sharing startup Socar Inc., Indonesian social commerce platform Super and Singapore-based online shopping rewards app ShopBack. SoftBank Ventures Asia Corp. has made initial investments that later led to bigger deals by SoftBank's billions-wielding Vision Fund, as in the case of Singapore-based used car marketplace Carro, in which SoftBank's Vision Fund II led a $360 million investment in 2021. Taizo Son set up a new venture capital entity, The Edgeof, last month, which will acquire SoftBank Ventures Asia Corp. for an undisclosed sum by year-end, SoftBank said in a release on Wednesday. Mistletoe, the entrepreneur's existing venture capital firm, will help the entity discover and support startups from the early to growth stages, it said. The two brothers have partnered on deals in the past, with SoftBank buying Finnish game maker Supercell Oy in 2013 with funding from games maker GungHo Online Entertainment, Inc., then led by the younger Son. The elder Son has also used SoftBank shares as collateral for loans to support Taizo Son's business ventures.

Berkshire Hathaway Inc. (Berkshire)– Warren Buffett's Berkshire has increased its stakes in Japan's five largest trading houses to 7.4%, and Buffett said he may invest more in the country. Buffett, 92, said in an interview with Nikkei Asia that he was "very proud" of the investments and would meet with the trading houses this week to discuss their businesses, perhaps laying the groundwork for doing business together. The trading houses are ITOCHU Corporation, Marubeni Corporation, Mitsubishi Corporation, Mitsui & Co., Ltd. and Sumitomo Corporation. Berkshire had disclosed owning 5% stakes in each company in August 2020 on Buffett's 90th birthday, in investments then worth more than US$6 billion. It reported increasing the stakes to more than 6% in November. "We would love it if any of the five would come to us ever and say, 'We're thinking of doing something very big or we're about to buy something and we would like a partner or whatever,'" Buffett said. He also said Berkshire does not invest in other Japanese companies, but "there are always a few I'm thinking about." Known as "sogo shosha," Japanese trading houses trade in a wide variety of materials, products and food, often serving as intermediaries, and provide logistical support. They are also deeply involved in the real economy in such areas as commodities, shipping and steel. The business model may have enticed Buffett, who prefers to invest for the long term and avoid businesses he claims not to understand. "These five companies are a cross section of not only Japan but of the world," Buffett told Nikkei Asia. "They are really so much similar to Berkshire."

Brookfield Asset Management Ltd. (Brookfield) – French asset manager AXA Investment Managers (AXA) announced it has agreed to sell its stake in French data center firm DATA4 to Brookfield Infrastructure Partners L.P. for an undisclosed amount. For Brookfield, the deal marks its entrance into the European data center market with an eye to expansion. The deal is reportedly likely to value the data center operator at close to 3.5 billion euros (US$3.8 billion) including debt. AXA said it will continue to actively seek acquisition and development opportunities in sectors related to the storage and communication of data. Headquartered in Paris, DATA4 operates 31 data centers across six countries including France, Italy, Spain and Luxembourg. Its customers include cloud operators and companies.

Triton International Limited (Triton) and Brookfield Infrastructure Partners L.P., through its subsidiary Brookfield Infrastructure Corporation and its institutional partners, jointly announce a definitive agreement for Triton to be acquired in a cash and stock transaction valuing the company's common equity at approximately $4.7 billion and reflecting a total enterprise value of approximately $13.3 billion. "Triton is an attractive business with highly contracted and stable cash flows, strong margins and a track record of value creation," said Sam Pollock, Chief Executive Officer of Brookfield Infrastructure Partners L.P. "This transaction provides Brookfield Infrastructure with a high going-in cash yield, strong downside protection, and a platform for growth in the transportation and logistics sector. The transaction consideration also provides the opportunity for Triton shareholders to benefit from owning a globally diversified portfolio of infrastructure assets within a platform that has a proven history of generating long-term value for its shareholders." Triton is the world's largest owner and lessor of intermodal containers and is a critical provider of transportation logistics infrastructure supporting global supply chains. The company has built an irreplaceable asset base, delivering high levels of utilization and maintains strong customer relationships. Triton is led by a proven management team and Brookfield Infrastructure Partners L.P. looks forward to partnering with them to enhance the business under private ownership.

LVMH Moët Hennessy - Louis Vuitton, SE (LVMH) – LVMH is the world's largest luxury company. As China rebounded sharply after COVID-19 lockdowns, sales at the French company, which owns the Louis Vuitton and Dior fashion houses, as well as Hennessy cognac and U.S. jeweler Tiffany, came to 21.04 billion euros (US$23.10 billion) for the three months to end-March. The 17% growth on an organic basis strips out the effect of currency fluctuations and acquisitions. The figures for LVMH, a bellwether for the high-end industry that has proven resilient to rising inflation and market turmoil, offered the first snapshot of the scale of the Chinese recovery after lockdowns dented sales at the end of 2022. LVMH said first-quarter sales grew by 14% in Asia, excluding Japan, compared with an 8% decline in the fourth quarter of last year, and the group said it expected China to drive growth in 2023. The picture was more mixed in the U.S., where the strong demand that boosted European fashion houses last year is showing signs of waning, particularly among younger, lower-spending shoppers. U.S. sales grew by 8% in the quarter, more than analysts had expected, but Jean-Jacques Guiony, LVMH finance chief said most of that growth was down to brisk business at its less exclusive Sephora retail chain of beauty stores. "For the rest, the business is slowing down a bit," he said, citing softer demand for fashion and leather goods, as well as jewelry. LVMH made 27% of its 2022 revenues in the Americas, and 30% in Asia excluding Japan.

LVMH agreed to buy a majority stake in Platinum Investment Group (Platinum), the owner of French jewelry producers Orest and Abysse, with an eye to bulking up production for its U.S. jeweler Tiffany. With the purchase of the company, which runs five workshops in eastern France and employs 800 people, Tiffany will accelerate production of fine and high end jewelry, the companies said in a statement. Platinum will also continue to produce jewelry for existing clients outside of LVMH as well as other labels in the luxury group, which also owns high end jewelry brands Bulgari and Chaumet. Riding a wave of post-pandemic demand for high end goods, European luxury groups have been tightening their hold on supply chains. Bulgari is also expanding production, and last October announced plans to enlarge its Valenza site in northern Italy, adding 750 employees and doubling production by 2028. LVMH is gearing up for the high profile reopening of Tiffany's New York flagship, expected to take place before the end of the month. LVMH, which bought Tiffany for $16 billion in 2021, plans to boost the jeweler's sales through new products and store network expansion, aiming to improve margins at a later stage.

Samsung Electronics Co., Ltd. (Samsung) – Samsung, the world's leading smartphone maker, is considering replacing Google with Microsoft's Bing as the default search engine on its devices, the New York Times reported on Sunday, estimating that roughly US$3 billion in annual revenue for Google may be at risk. Bing's threat to Google's search dominance has escalated in recent months with the addition of OpenAI's technology to provide ChatGPT-like responses to user queries. Samsung shipped 261 million smartphones in 2022, according to International Data Corporation data, all running Google's Android software. The Korean company has long-established partnerships with both Microsoft and Google, and its devices come preloaded with a library of apps and services from both, such as OneDrive and Google Maps. Negotiations are still ongoing and Samsung may yet decide to keep Google as its default provider, according to the report. Google is working on several projects to update and renew its search services to avoid losing ground. Those include adding artificial intelligence features to its existing offerings, under a project named Magi, which has more than 160 people working on it, the Times reported. A Google representative did not comment on the parent company's negotiations with Samsung. A representative from Samsung declined to comment.

Reliance Industries Limited (Reliance) - Mukesh Ambani's streaming service will add more than 100 films and TV series to its platform, building on the popularity of its cricket broadcasts in its push to take on global giants like The Walt Disney Company (Disney) and Netflix, Inc. (Netflix) in the fast-growing Indian market. The expansion will coincide with JioCinema starting to charge for content, though the exact pricing strategy is still being finalized, Jyoti Deshpande, media and content business President said in an interview. New titles will be rolled out before the end of the Indian Premier League (IPL) cricket next month, and viewers will still be able to watch matches for free, she said.

Reliance has aspirations to become a leader in global media and online streaming. Last year, Viacom18 Media Pvt. Ltd., a joint venture between Paramount Global and the billionaire's Reliance, outbid Disney and Sony Group Corporation to clinch the digital rights to IPL, one of the world's fastest-growing sports events that's seen as a critical way for any media company to lure eyeballs in India. The potential viewership in India, home to 1.4 billion people and with a growing middle class and expanding internet access, is immense. JioCinema drew more than 1.47 billion video views during the opening weekend of the IPL in April, and had 22 million viewers for a match on Wednesday. It remains a market that's been hard to crack for global streaming platform giants: Netflix has cut its fees to lure price-conscious users, while a robust local cinema-going culture means Indian viewers can be picky in what they'll watch online. Both price and content are at the front of mind in JioCinema's expansion, said Deshpande. The plan is to keep tariffs simple for viewers, she said. Currently, the streaming space is dominated by westernized content. Jio Studios wants to become a catalyst for cross pollination of talent.

Alphabet Inc. (Alphabet) – announced that the company's smart TV operating system, Google TV, will integrate access to free streaming channels like Tubi, Plex, and Haystack News directly in its Live tab, alongside an existing lineup of channels from free streamer Pluto TV. This tab will also contain its own set of more than 800 free live TV channels, including news channels from NBC, ABC, CBS, and FOX, and others featuring shows like "Westworld," "Law & Order : SVU" and "The Walking Dead." According to the company, this expansion makes Google TV the platform offering the most free TV channels within one electronic programming guide. Google TV's redesigned Live tab will make it easier for users to browse through various channels and bookmark favorites for a more personalized experience. The new experience will also include programming in over 10 languages while the channels will offer a wide range of content, including news, blockbuster movies, true crime, classic TV reruns, cooking shows and more.

Alphabet is updating Maps with more detailed information about national parks in the U.S. to make them easier to navigate and to prevent users from getting lost. When users search for a particular app on Android or iOS, they will see photos and videos of its key attractions taken by others and Maps will now also highlight an entire trail from beginning to end if searched for instead of just dropping a pin on a general location. Details about the trail's difficulty, suitability for walking, running, and cycling, and reviews will also be displayed. Alphabet will also start highlighting park entrances later this month, with Maps pointing you right to the trail head. In addition, the company will also make it possible to download offline apps for parks in case users lose internet access. For now, these features will only be available in the U.S., but Alphabet plans to make Maps more useful to hikers around the world later this month.

Microsoft Corporation (Microsoft) - Microsoft and Snap Inc. (Snap) announced the integration of Snapchat Lenses for Teams so that they can be used during meetings. Team users will receive access during meetings to a collection of 26 popular Lenses, which include ones that transform users into cartoon characters in addition to engaging backgrounds for video. To access the Lenses, users simply have to click on "Video effects" and then select the "Snapchat" tab. "With the rise of hybrid and flexible work, our customers need tools that help build connections and foster a productive and enjoyable work environment. That's why we are excited to bring Snapchat's most popular Lenses natively into Microsoft Teams meetings, making it easy for users to add even more personality and fun to video calls," said Nicole Herskowitz, Microsoft Teams vice president. The integration was possible through Camera Kit, Snap's Software Development Kit that allows partners to leverage Snap's augmented reality (AR) tech in their own applications and websites. This is Microsoft's second integration with Camera Kit as the company also used it to integrate Snap AR into Flip, a video learning platform.

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 the first quarter of 2023 Generally Accepted Accounting Principles earnings of US$2.19 per share/$1.86 excluding a realized gain on the sale of the India consumer banking business in the quarter; with or without that gain, results came in above consensus at $1.65. Upside was driven by higher than forecast core business revenue. Reported results translate to a 10.9% Return on Tangible Equity / 9.3% excluding divestitures gains on Core Equity Tier 1 of 13.4% (above managements near-term target and regulatory requirements). Deposit growth was concentrated in interest bearing deposits, up 1% quarter over quarter on an average balance basis, with the average interest bearing deposit cost now up to 2.72%, translating to a cumulative interest bearing deposit beta of 57% (vs. 50% in the fourth quarter in 2022).

JPMorgan Chase & Co. (JPMorgan) reported the first quarter of 2023 earnings per share (EPS) of US$4.10 well above consensus at $3.41. Upside was revenue and operating leverage-driven; credit costs were lower than forecast; reported results included higher than forecast securities losses. All in, an 18% return on average tangible common equity on 13.8% (JPMorgan did $1.9 billion of net share buybacks in the quarter); Core Equity Tier 1, the latter up 60 basis points quarter over quarter. JPMorgan delivered another solid set of results, from top to bottom in our view. Average loans up 0.3% quarter over quarter; Investment Banking Division revenue generation better; Fixed Income Currency & Commodities trading better/equities trading weaker than forecast; there were $139 billion of net long-term inflows in Asset Management; aggregate net charge offs were in line with forecast and the bank added $1.1 billion to loan loss reserves. Average deposits were down 3% quarter to quarter (consumer deposits were up at quarter end); interest bearing deposits were down 1% quarter over quarter; noninterest bearing deposits were down 5%; interest bearing deposit cost increased to 1.85% with the cumulative interest bearing deposit beta up to 43% (from 38% in the fourth quarter in 2022) as expected. According to Jamie Dimon, chief executive officer (CEO) of JPMorgan: "The U.S. economy continues to be on generally healthy footings-consumers are still spending and have strong balance sheets, and businesses are in good shape. However, the storm clouds that we have been monitoring for the past year remain on the horizon, and the banking industry turmoil adds to these risks. The banking situation is distinct from 2008 as it has involved far fewer financial players and fewer issues that need to be resolved, but financial conditions will likely tighten as lenders become more conservative, and we do not know if this will slow consumer spending. We also continue to monitor for potentially higher inflation for longer (and thus higher interest rates), the inflationary impact of continued fiscal stimulus, the unprecedented quantitative tightening, and geopolitical tensions including relations with China and the unpredictable war in Ukraine. While we hope these clouds will dissipate, the Firm is prepared for a broad range of outcomes, and we are confident that we can serve the needs of our customers and clients in all environments."

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

GO TO ITM AG INVESTMENT TRUST[1]

GO TO ITM AG INVESTMENT LP[1]

ITM Isotope Technologies Munich SE (ITM) opened its U.S. headquarters in Princeton, New Jersey and appointed Roger Estafanos as Mr. Estafanos, U.S. General Manager. brings a wealth of experience from both the radiopharmaceutical and pharmaceutical industries including being one of the first leaders of the U.S. division of Advanced Accelerator Applications (AAA), a Novartis AG (Novartis) company. His arrival builds on ITM's appointment of key hires to its U.S. leadership team in 2022. Establishing the headquarters in Princeton strengthens ITM's ongoing expansion of its U.S. business, including the sales and marketing of the company's therapeutic and diagnostic radioisotopes, while preparing for potential market registration of its targeted radiopharmaceutical pipeline product candidates currently in development. Before joining Novartis / AAA, Roger Estafanos garnered 15 years of experience in management consulting, providing strategic advice to pharmaceutical, biotech, medical, and diagnostic companies on commercializing products across various disease areas. His leadership roles span across top life sciences consulting firms, including International Business Machines Corporation (IBM) Global Business Services, IQVIA Holdings Inc., and Peppers & Rogers Group. Mr. Estafanos earned his undergraduate degree in Information Systems from Rutgers University and completed his Master of Business Administration at Rutgers Business School. "With the high-profile addition of Roger to our strong U.S. leadership team and a prime headquarter location secured in Princeton's pharmaceutical and biotech cluster, we are increasing the strength of our capabilities to serve the healthcare community and our partners around the world with our highly pure non-carrier-added lutetium-177. This growth will accelerate us on ITM's path toward the potential market approval of ITM-11 and we remain committed to developing new radiopharmaceuticals for patients living with hard-to-treat cancers," commented Steffen Schuster, CEO of ITM.

Telix Pharmaceuticals Limited (Telix) announced the Chinese National Medical Products Administration Center for Drug Evaluation has approved a Phase I study of TLX101 investigational therapy (4-L-[131I] iodo-phenylalanine, or 131I-IPA) in Chinese patients with newly diagnosed glioblastoma (GBM). The investigational new drug application was submitted by Telix's partner in the Greater China region, Grand Pharmaceutical Group Limited (Grand Pharma). The Phase I study is required to establish the safety profile of this therapeutic candidate in a Chinese patient population, thus enabling Chinese patients to be enrolled in Telix's planned global pivotal registration trial for TLX101. This is the first of Telix's investigational therapies to move into a clinical trial with Grand Pharma. The IPAX-1 study of TLX101 met its primary objective demonstrating safety and tolerability profile of intravenous 131I-IPA administered concurrently with external beam radiation therapy in patients with recurrent GBM. The study also delivered encouraging preliminary efficacy data for further evaluation, demonstrating a median overall survival of 13 months from the initiation of treatment in the recurring setting, or 23 months from initial diagnosis. Telix has now initiated the IPAX-2 study in Australian sites to confirm the safety profile of TLX101 as a front-line therapy in combination with standard of care treatment, ahead of progressing to a label-indicating Phase II/III study in a larger patient population, IPAX-3. The IPAX-2 study will run concurrently to the study in Chinese patients in the same disease setting.

Telix announced successful preclinical development of radiolabelled olaratumab, an antibody licensed from Eli Lilly and Company (Lilly). Telix has demonstrated proof-of-concept (PoC) of using olaratumab to selectively deliver both diagnostic and therapeutic radiation to tumours as a radiopharmaceutical moiety and has produced a candidate for clinical translation. Telix will now progress to first-in-human clinical studies based on these highly encouraging results. Telix's initial development PoC has focused on a rare type of cancer known as Soft Tissue Sarcoma (STS). External beam radiation is a key part of the standard of care for STS, which may therefore be a suitable clinical target for novel radionuclide therapy, particularly for alpha-emitting radionuclides. The ability of olaratumab to target platelet-derived growth factor receptor A (PDGFRα) in the STS tumour microenvironment makes it a highly novel and high-potential radiopharmaceutical candidate. Telix has now completed its preclinical evaluation, with results sufficiently encouraging to advance development toward initial human clinical trials, in line with planned Research & Development expenditure for 2023/2024. Specifically, these studies have shown that olaratumab can be bioconjugated with multiple chelators (including Telix's proprietary DFO-squaramide chelator), radiolabelled with zirconium-89 (89Zr) for imaging by Positron Emission Tomography and used to demonstrate specific delivery of radiation to STS cancer cells to show proof of concept in xenograft tumour mouse models. Furthermore, olaratumab radiolabelled with therapeutic radionuclide payloads has demonstrated in vivo efficacy with significant reduction in tumour volumes in relevant disease models, even after administration of a single dose. The company is preparing to publish preliminary findings.

Telix issued its Appendix 4C quarterly cash flow statement and accompanying Activities Report for the quarter ended 31 March 2023 (the first quarter in 2023). Total revenue for the quarter reached AU$100.1 million, driven by global sales of Illuccix®, Telix's prostate cancer imaging agent. Demand for Illuccix in the United States continues to increase with sales of $97.5 million (up from $76.8 million in the prior quarter). The quarter represented the company's second consecutive quarter with positive operating cash flow ($2.4 million, an improvement of $0.8 million on the prior quarter). Cash receipts from customers were $83.2 million, up 15% from $72.2 million in the prior quarter. Closing cash balance was $121.4 million at 31 March 2023 (compared to $116.3 million at 31 December 2022). Dr. Christian

Behrenbruch, Group CEO and Managing Director commented, "In just under a year since the commercial launch of Illuccix and five years since listing on the Australian Securities Exchange, Telix has delivered a significant milestone with its first $100 million revenue quarter. We are making a meaningful difference in the lives of thousands of prostate cancer patients and delivering on our mission of global leadership in radiopharmaceuticals. Telix is able to fund the development of new imaging agents and novel therapeutics, evident in recent achievements and delivery of our second consecutive quarter of positive operating cash flow."

ECONOMIC CONDITIONS

U.S. retail sales fell for the fourth time in five months, by a larger than expected 1.0%, led by sliding gasoline prices (and gas station receipts) and a further reversal in auto sales. Excluding auto dealers and gas stations, sales were down 0.3% after a flat February. The weakness was widespread with large declines in furniture, clothing, electronic products, and general merchandise. Real consumer spending was likely flat in March. The waning pattern of spending through the quarter sets the stage for a modest contraction in both personal consumption and the economy in the second quarter, in our view, assuming the former sags somewhat further. It's a battle of the hearts and minds (and wallets) of the American consumer, with excess savings, deferred demand, and strong job growth on one side battling against high interest rates, tighter lending conditions, and still-high inflation on the other. The next set of consumer reports will likely reveal which side is winning.

U.S. industrial production rose a stronger-than-expected 0.4% despite other indicators pointing to weakness in the goods-producing sectors (payrolls, Institute for Supply Management Purchasing Managers Index , regional manufacturing surveys). Moreover, there were positive revisions to the previous two months, which left total industrial production 0.5% higher than last year. However, all of the strength in the month was driven by an 8.4% surge in utilities. Excluding utilities, production fell 0.4%, which aligns with the recent weaker readings in the payroll survey for both goods-producing industries and manufacturing. Factory output fell 0.5%, but some positive revisions in the past two months and a sturdy reading in January were enough to propel it 0.3% (annualized) in the first quarter. The weakness in manufacturing was fairly broad, with construction supplies (-1.8%), business equipment (-1.0%), and durable consumer goods (-0.9%) leading the way. Mining (-0.5%) fell for the second straight month and last month's drop was revised down to -1.0%. Improvements in oil prices following the surprise cuts from Organization of the Petroleum Exporting Countries + should provide some relief to oil and gas extraction in our view, but other commodities likely won't see the same lift in April. Therefore, in summary while Industrial production managed a modest advance in the first quarter, the recent weakness signals that the goods sectors are slowing as a result of tightening financial conditions and weakening consumer and business demand.

U.S. Producer Price Index (PPI) measures the change in prices received by U.S. producers. It is therefore the PPI that determines corporate profits, rather than the Consumer Price Index (CPI). According to the U.S. Bureau of Labor Statistics, the final demand PPI fell by 0.5% in March, the third decline in four months and the largest monthly decline in three years. Annual PPI inflation was 2.7% in March, down from a record 12% at this time last year. If the past is anything to go by, this erosion of pricing power will have the effect of reducing profit margins in the coming months in our view.

U.S. CPI progressed 0.1% in March, just below the median economist forecast calling for a +0.2% print and the least in 8 months. Prices in the energy segment retreated 3.5% on declines for fuel oil (-4.0%), gasoline (-4.6%) and utility gas services (-7.1%). The cost of food remained unchanged in the month, breaking a streak of 27 consecutive increases in that segment. The core CPI, which excludes food and energy, advanced a consensus-matching 0.4%. Prices for ex-energy services rose 0.4% (the least in 8 months) as another big gain for shelter (+0.6%) was only partially offset by a 0.5% drop the medical care segment. Motor vehicles maintenance (+0.3%) and insurance (+1.2%) continued to advance, as did airline fares (+4.0%). The cost of core goods, meanwhile, progressed 0.2% on gains for tobacco/smoking products (+0.8%), medical care commodities (+0.6%), new vehicles (+0.4%) and apparel (+0.3%). Alternatively, the price of used vehicles (-0.9%) declined for the ninth consecutive month. Year on year, headline inflation clocked in at a 22-month low of 5.0%, down from 6.0% the prior month and one tick below consensus expectations. The 12-month core measures, meanwhile, edged up from a 14-month low of 5.5% to 5.6%, which was in line with the median economist forecast. The Federal Reserve may take some comfort from calmer headline inflation, especially given that declining energy costs and now flat food prices will help to reduce inflation expectations. But services inflation remains stubbornly high, largely due to the tight labour market. Another 25 basis points increase remains likely on May 3 in our view.

Chinese CPI and PPI data: CPI rose a less than expected +0.7% year over year while PPI matched expectations falling -2.5% year over year (fastest decline since June 2020).

Australian employment report for March came in at +53,000 new jobs against expectations of +20,000. The Unemployment Rate held steady at 3.5%.

Swedish inflation came in softer than the market expected, with headline Consumer Price Index with a Fixed Interest Rate (CPIF) rising 8.0% year over year while CPIF ex-energy rose 8.9% year over year. Food price inflation receded somewhat in the month to 19.7% year over year, and was partly responsible for the downside surprise. The Riksbank had been looking for headline CPIF of 7.8% year over year and CPIF ex-energy at 7.5% in its earlier forecasts. While a strong upside surprise to today's data may have nudged them to a 75 basis points hike later this month, today's data likely reinforces a 50 basis points rise, in our view. Going forward, food inflation should come down notably in April following the decision of most of the major grocery chains to cut prices significantly on hundreds of items. This will bring both CPIF and CPIF ex-energy lower in the coming months.

FINANCIAL CONDITIONS

Bank of Canada left its overnight target unchanged at 4.50%. That's a decision that was in line with consensus forecast. Going forward, the Bank no longer reiterates January's pledge to hold the policy rate steady (contingent on economic developments). Instead, they will "assess whether monetary policy is sufficiently restrictive to relieve price pressures". There is still the hawkish bias that we saw in March as they remain "prepared to raise the policy rate further if needed". Complementing this restrictive policy stance, the Bank said it would continue its Quantitative Tightening program, which involves passively running off its Government of Canada bond holdings and it's expected this will continue until late 2024/early 2025, targeting a level of settlement balances between CA$20 and $60 billion (currently $190 billion). As for their assessment of the economy, the Bank balanced the strong first quarter growth that's expected with a moderating domestic and foreign outlook. While the Bank sees the economy in excess demand now, it's looking for the economy to move into excess supply by the second of this year. And on the all-important inflation outlook the Bank still expects inflation to "quickly" fall to around 3% by mid-year, with recent data "reinforcing Governing Council's confidence". At the same time, getting inflation all the way back to 2% "could prove to be more difficult". Globally, the statement also suggests price pressures will be more persistent.

The U.S. 2 year/10 year treasury spread is now -0.61% and the UK's 2 year/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 6.34%. 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 17.17 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And finally: *"I just need enough to tide me over until I need more" ~ Bill Hoest*

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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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