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

NEWS HIGHLIGHTS

EST. 2007

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

MAY 23, 2023

The views of the Portfolio Management Team contained in this report are as of May 23, 2023 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. This research and information, including any opinion, is compiled from various sources believed to be reliable but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice. The contents of this Newsletter reflect the different assumptions, views and analytical methods of the analysts who prepared them. For Advisor Use Only.

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Berkshire Hathaway Inc, (Berkshire) – announced it had acquired more shares of Occidental Petroleum Corporation,(Occidental) boosting its stake in the oil company to 24.4%. In a regulatory filing Berkshire said it paid about US$201 million for 3.46 million Occidental shares between May 16 and 18. Berkshire has bought Occidental shares on each of the last six trading days, paying about $327 million for 5.62 million shares. It now owns about 217.3 million Occidental shares worth about $12.7 billion. Berkshire also owns approximately $9.5 billion of Occidental preferred stock carrying an 8% annual dividend, plus warrants to buy $5 billion of Occidental common shares at $59.62 each. At Berkshire's annual shareholder meeting on May 6, Buffett pointed out Occidental's presence in the Permian Basin, which accounts for a significant amount of U.S. crude production and called Vicki Hollub, Occidental Chief Executive Officer (CEO), an "extraordinary manager." He also tried to end speculation that Berkshire might buy Occidental and further diversify its own energy portfolio. "We're not going to buy control," he said. "We've got the right management running it... we wouldn't know what to do with it." Berkshire had amassed a 22.6% stake in the Burlington Northern Santa Fe (BNSF) railroad before paying $26.5 billion for the remainder in 2010.

Berkshire revealed a nearly $1 billion stake in Capital One Financial Corporation (Capital One) - and confirmed it sold Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan Semiconductor) and two bank stocks last quarter. The company exited Bank of New York Mellon Corporation (BNY Mellon), U.S. Bancorp, and Taiwan Semiconductor last quarter. Berkshire built a nearly $1 billion stake in Capital One and pared its Chevron Corporation (Chevron) position. Buffett foreshadowed the disposals during Berkshire's annual shareholder meeting earlier this month. Without naming names, he accused lenders of recklessness and deceptive accounting, and said he liked the banking business less now than in the past. He also expressed discomfort at investing in Taiwan as opposed to Japan, likely because of mounting tensions between China and Taiwan. Berkshire cashed out its entire RH stake, worth $631 million at the end of December, and pared several other holdings. On the other hand, Buffett and his team amassed 9.9 million shares of Capital One, a position valued at $954 million at the end of March. They also disclosed a new stake in Vitesse Energy Inc. (Vitesse Energy), which was worth just under $1 million at the quarter's close. Moreover, they boosted their Occidental holdings to almost 212 million shares, as separate filings have shown. Buffett's conglomerate also reported bigger stakes in Apple Inc. (Apple), Bank of America Corporation (Bank of America), Chevron, Citigroup Inc. (Citigroup), HP Inc. (HP), and Markel Corp. (Markel), along with a new position in Diageo Plc (Diageo). However, it noted in a press release that those shares weren't purchased last quarter — they were previously held by New England Asset Management Inc. (NEAM), a subsidiary of General Reinsurance Corporation (Gen Re). Berkshire acquired Gen Re in 1998 and up until this quarter, NEAM filed its U.S. Securities and Exchange Commission disclosures separately from Berkshire. Buffett and his colleagues have now started to include Gen Re's holdings in Berkshire's portfolio filings, excluding NEAM's client holdings where NEAM is acting as investment manager. The inclusion of Gen Re's stocks helped to boost the value of Berkshire's portfolio by 9% to $325 billion as of March 31. Adding them partly offset the $13.3 billion of shares — or $10.4 billion on a net basis — that Buffett and his team offloaded last quarter.

Brookfield Asset Management Ltd. (Brookfield) – Brookfield India Real Estate Investments Trust (REIT) and the Singapore government's sovereign wealth fund will together acquire US$1.4 billion worth of commercial real estate assets in Mumbai and Gurugram, the firms said in a joint release. The acquisition will give exit to Brookfield's real estate private equity division that held the assets for more than seven years. Brookfield had acquired the Mumbai assets in downtown Powai from Hiranandani Group for $1 billion in 2016. The Candor properties in Gurugram were bought from Unitech Group for Rs.3,500 crore in 2014. “Brookfield India REIT and General Insurance Corporation of India (GIC) will acquire two large commercial assets (totalling 6.5 million square feet) from Brookfield’s private real estate funds in an equal partnership. The acquisition includes commercial properties in Brookfield’s Downtown Powai, Mumbai and Candor TechSpace, Sector 48, Gurugram, for a combined enterprise value of US$1.4 billion,” the release said. “Growing and diversifying our India REIT portfolio via accretive transactions is part of our long-term strategy. This unique partnership furthers our global partnership with GIC in India,” said Ankur Gupta, managing partner, head of real estate, Asia-Pacific region, Brookfield. According to the firm, the transaction will increase the gross asset value of Brookfield India REIT to US$3.5 billion and the net asset value to $2 billion. “With a 35% increase in total leasable space and a 44% increase in operating area, the acquisition significantly scales the Brookfield India REIT portfolio,” the release said. “We expect growth in the India office sector to continue, driven by an established Information Technology industry, increased focus by global corporations on digital adoption, and the availability of skilled talent. These acquisitions are testament to our confidence in the India office sector, as well as the wider Indian market, and will add to the diversification of GIC’s global office portfolio,” said Kishore Gotety, co-head of Real Estate, Asia ex-China, GIC. Brookfield India REIT comprises of five large campus format office parks located in Mumbai, Gurugram, Noida, and Kolkata. Its portfolio consists of 18.7 million square feet comprising 14.3 million square feet of completed area, 0.6 million square feet under construction and 3.9 million square feet of future development potential.

Softbank Group Corporation (Softbank)– Abu Dhabi sovereign wealth fund Mubadala Investment Co. (Mubadala) and Fortress Investment Group LLC (Fortress) agreed to buy 90% of the equity held by Japanese conglomerate SoftBank. in the U.S. asset manager. Mubadala will own 70% of the equity in Fortress, while Fortress management will hold a 30% equity interest and a class of equity entitling it to appoint a majority of seats on the board, the firms said on Monday. Fortress will continue to operate as an independent investment manager after the deal closes. Drew McKnight and Joshua Pack will become co-chief executive officers and Pete Briger will be named chairman. The companies didn’t disclose terms. Bloomberg News has reported that a deal that could potentially value the company at more than US$2 billion. SoftBank acquired Fortress in 2017, intending to use the New York-based firm’s expertise to help manage its Vision Fund. Mubadala has long been a SoftBank counterpart and emerged as one of the anchor investors in that fund.

Softbank - is working on plans to become a lender in the US$1.5 trillion world of private credit. Senior investors at the Japanese firm have spoken to market participants about directly lending to technology firms and touted the possibility of deploying as much as $1 billion via SoftBank Investment Advisors, according to people with knowledge of the matter. The discussions are at an early stage and may still change, said the people, who asked not to be identified because they’re not authorized to speak publicly. A spokesperson for SoftBank declined to comment. The news comes as Abu Dhabi sovereign wealth fund Mubadala. and Fortress’ management team announced that they had agreed to buy 90% of the equity held by Japanese conglomerate SoftBank in the U.S. asset manager. The fact that SoftBank, one of the world’s most aggressive tech investors, is looking at private credit is more evidence of the market’s rapid growth. Multi-billion dollar debt deals for firms such as Zendesk Inc. (ZEN) and Coupa Software (COUP) have been funded by direct lending in the past year. Deep-pocketed investors are finding opportunities providing debt to tech firms, especially as large software companies stay private for longer. There’s also a hole in the market left by Silicon Valley Bank Financial Group which had been a major provider of debt funding to startups before its collapse. SoftBank is targeting low double-digit yields for the strategy, the people said, which is roughly the same as what most direct lending funds expect to earn.

Reliance Industries Ltd. (Reliance)- Reliance online wholesale format JioMart has reportedly laid off over a thousand employees. This comes after the company aims to align its operations with Metro Cash and Carry that it acquired recently. According to a report in The Economic Times that cited sources, this round of layoffs is part of a larger round that would reduce its 15,000-strong workforce in the wholesale division by two-thirds. A person familiar with the process told the daily that the company asked 1,000 people on the ground, including 500 executives at its corporate office to resign in the past few days. The person said that JioMart also plans to lay off more with hundreds of employees already put on performance improvement plan. Rest of the sales employees have been put on a variable pay structure after the company lowered their fixed pay salary.

According to the same person, after the addition of Metro’s permanent workforce of 3,500 employees, there have been overlapping of roles. The company that started a price war in the grocery Business-to-business (B2B) space is also looking to improve margins. JioMart is also planning to shut more than half of its 150 fulfillment centres that supply groceries and general merchandise to local neighbourhood stores. The Competition Commission of India approved Reliance Retail Ventures’ acquisition of Metro Cash and Carry. The deal was inked in December 2022 for a total cash consideration of Rs 2,850 crore. As part of this acquisition, Reliance Retail would be able to utilise Metro’s stores in cities like Amritsar, Ahmedabad, Bengaluru, and Delhi.

Samsung Electronics Co., Ltd. (Samsung)- Samsung will build a new semiconductor chip development facility in Japan, Nikkei reported. The plant will be in Yokohama where Samsung has an existing research and development site, the report said, without citing anyone. The Korean firm will build a production line for a prototype chip, and the facility will cost over 30 billion yen (US$221 million), with the Japanese government expected to provide more than 10 billion yen in subsidies, Nikkei said. Operations are targeted to begin in 2025, it reported. Relations between Japan and South Korea are improving, with their leaders visiting each other’s nations and agreeing to cooperate on chips and security. The Japanese government has also been signaling support for semiconductor and battery projects as it tries to bolster its supply chain for both key products. Japan will provide subsidies for eight battery and two semiconductor projects, Trade Minister Yasutoshi Nishimura said last month.

Amazon.com, Inc. (Amazon) announced that it plans to invest US$12.7 billion into Amazon Web Services (AWS) in India by 2030 as the company pushes ahead to scale up infrastructure for its cloud businesses in the key overseas market at a time when it has pared back investments in several other regions. The company has already invested $3.7 billion on AWS infrastructure in India, and currently maintains two data center regions in the market. The investments will reportedly support 131,700 full-time jobs across roles such as engineering, telecommunications, and construction. India is the world’s second largest internet market and has witnessed a considerable surge in cloud adoption across various industries in recent years, reflecting the sector's robust growth. "In addition to building cloud infrastructure and helping local customers and partners digitally transform, we have trained more than four million people in India with cloud skills since 2017 and invested in six utility-scale renewable energy projects to meet our global 100% renewable energy goal by 2025," said Puneet Chandok, president of commercial business at AWS South Asia.

Meta Platforms Inc. (Meta)'s president of global affairs told employees during a company meeting that a "third wave [of layoffs] is going to happen next week," according to Vox, citing a recording of the meeting. The company reduced its workforce by 11,000 employees last November, and then followed that up with another round of layoffs that will be completed in May, affecting an additional 10,000 workers. Meta started by cutting workers in recruiting roles in March and cut an additional 4,000 jobs in its technology department, while this latest round is expected to impact workers in business-focused positions. The restructuring comes as part of Meta's "year of efficiency," a term CEO Mark Zuckerberg used to describe the "phase of change" the company is going through as it adapts to challenging macro environment. Despite the cost reductions elsewhere in the firm, Meta plans to push ahead with its investments in the metaverse and in artificial intelligence (AI).

Meta fined 1.2 billion Euros by the Europe Union (EU) for privacy violations and ordered to suspend transfers of user data to the U.S., in the largest such penalty in the European Union bloc's history. Ireland's Data Protection Commission (DPC) the regulator responsible for holding the Facebook owner to EU data protection law said Facebook had violated rules requiring that transfers of personal data from the EU to the U.S. had appropriate safeguards in place. The DPC has now given Facebook's EU operation five months to "suspend any future transfer of personal data to the U.S." The Company is expected to appeal, during which time a new transatlantic privacy shield might come into place. (source Financial Times).

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Coloplast A/S (Coloplast) - reported second quarter sales of DK6,061 million (in line with company compiled consensus) with an organic growth rate of 8% (vs consensus at 7.2%). The company stated solid performance in chronic care ex-China which still was negatively impacted by COVID-19. The company added "towards the end of the second quarter, hospital access in China significantly improved, positively impacting procedural volumes." which should improve the outlook this segment going forward. As a reminder China has historically added 50-75 basis points (bps) to the organic growth profile but during the pandemic been a drag on performance. The company added with regards to China "the average value per patient is expected to remain below pre- COVID-19 levels, impacted by consumer sentiment". Earnings before Interest and Taxes (EBIT) before special items of DK1,671 million (5% worse than consensus) which implies an adjusted EBIT margin of 27.6% (consensus at 28.6%). The margin commentary goes "inflationary headwind on input costs, an increase in operating expenses due to increased commercial activity levels" and continued "impact from currencies in the quarter was neutral". That said, due to a larger than anticipated negative net financials (mainly non-cash items related to foreign exchange rate and revaluation of balance sheet items), net income came in at DK1,155 million (9% below consensus).

JPMorgan Chase & Co. (JPMorgan) hosted its 2023 Investor Day. Management projected a high degree of confidence in the bank's competitive positioning and potential with discussion around the bank's preparedness to manage through both macro slowing (recession remains the central case, with planning for a range of scenarios and the support of a fortress balance sheet) and regulatory change (it's fair to expect increased capital requirements). Management's approximately 17% Return on Tangible Common Equity (ROTCE) target is unchanged, as is the determination to invest (more again--US$15.7 billion budgeted for 2023). The discussion was extensive, from the long list of differentiating strategic initiatives to the progress points on modernization, and the disciplines that remain very much in place around results and returns.

National Grid plc (NG) reported Fiscal Year March 2023 results. The underlying EPS of 69.7p was 1% above consensus. The optical/technical impact of reduced earnings from changes in the UK capital allowances regime flagged by NG last month will stop NG reaching its 6-8% EPS Compound Annual Growth Rate (CAGR) across 2021-2026. But this is technical and Net Present Value (NPV)-neutral. Underlying EBIT was £4,582 million (consensus £4,470 million) and underlying EPS was 69.7 percent (p)/share (consensus 68.8p). The company reported £57.8 billion of regulated and other assets at March 2023. The dividend pf 55.4p/share is formulaic, albeit consensus had 55.3p/share for the full year. Return on equity is at 11.0% based upon long-term 2% Consumer Price Index (CPI). Financial guidance is for EPS to be 'modestly below' 2022/23 levels and NG cites a 6-7p/share adverse impact from the accounting nuance for the change in the capital allowance regime. 'Modestly below' would imply 2-3% lower, or 68p, in UK plc parlance.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

GO TO ITM AG INVESTMENT TRUST[1]

GO TO ITM AG INVESTMENT LP[1]

Amgen, Inc. (Amgen)– The U.S. Federal Trade Commission (FTC) has filed a lawsuit to block Amgen's proposed US$27.8 billion acquisition of Horizon Therapeutics. By a unanimous vote among the three Democrat commissioners, the agency is seeking a temporary restraining order and preliminary injunction to prevent the transaction from closing. The antitrust challenge marks the first time that the FTC has reached beyond specific product overlaps in its reviews and instead focused on companies' past behaviors around drug pricing. The FTC argues Amgen's $24.8 billion in annual sales from a product portfolio of 27 approved drugs—including Tumor Necrosis Factro (TNF) blocker Enbrel and oral psoriasis drug Otezla—could give the company power to pressure insurers and pharmacy benefit managers into accepting high prices for Horizon's thyroid eye drug Tepezza and gout therapy Krystexxa.

Bridgebio Pharma Inc. (BridgeBio)– presented promising positive data from six participants dosed in CANaspire, its Phase 1/2 clinical trial of BBP-812, an investigational intravenous (IV) adeno-associated virus serotype 9 (AAV9) gene therapy for the treatment of Canavan disease. All participants showed a rapid and lasting decrease in levels of N-acetylaspartate (NAA), a key chemical marker elevated in children with Canavan disease, after dosing with BBP-812. The most recent data continue to show reductions in NAA in all participants and all compartments tested. Across individual participants, percent decreases in NAA from baseline ranged between 70% and 95% in cerebrospinal fluid (CSF), 29% and 88% in urine, and 8% and 75% in brain (by magnetic resonance spectroscopy). All participants in the CANaspire trial had urine NAA levels consistent with typical Canavan disease prior to receiving BBP-812. After receiving BBP-812, urine NAA levels in all participants fell to what can be considered less severe Canavan disease as reported in the scientific literature and observed in the company's natural history study. Magnetic Resonance Imaging (MRI) scans indicated the presence of improved myelination, which is essential for brain development, in the brainstem and cerebellum of all participants.

Guardant Health Inc. (Guardrant Health)– announced the expansion of its leadership team with the addition of Ines Dahne-Steuber as chief operating officer and the promotion of Darya Chudova to chief technology officer. Ines Dahne-Steuber brings over 20 years of leadership and strategic expertise in healthcare operations. Prior to joining Guardant Health, she served as senior vice president of operational excellence and president of Spectra Laboratories at Fresenius Medical Care AG & Co. KGaA (Fresenius) North America. Prior to Fresenius, she served in various leadership roles at Quest Diagnostics Inc., most recently as general manager for oncology and vice president of healthcare IT solutions. Darya Chudova has been with Guardant Health for eight years, most recently serving as the senior vice president of technology. In this role, she initially focused on leading technical development of Guardant360 Laboratory Developed Test (LDT) and CDx products improving the precision, robustness and accessibility of Guardant Health's liquid biopsy tests. Most recently, she has led the development of Guardant Health's ShieldTM technology for blood-based colorectal cancer screening, which is currently under review with the U.S. Food and Drug Administration.

Guardant Health reported financial results for the quarter ended March 31, 2023. Revenue was US$128.7 million for the three months ended March 31, 2023, a 34% increase from $96.1 million for the three months ended March 31, 2022. Precision oncology revenue grew 35%, driven predominantly by an increase in clinical testing volume and biopharma sample volume, which grew 45% and 21%, respectively, over the prior year period. Development services and other revenue increased by 28%, primarily due to revenues earned from our partnership agreements during the three months ended March 31, 2022. Gross profit, or total revenue less cost of precision oncology testing and cost of development services and other, was $75.6 million for the first quarter of 2023, an increase of $11.5 million from $64.1 million for the corresponding prior year period. Gross margin, or gross profit divided by total revenue, was 59%, as compared to 67% for the corresponding prior year period. Precision oncology gross margin was 60% in the first quarter of 2023, as compared to 64% in the prior year period. The reduction is due to the change in mix between clinical and biopharma revenue, as well as the year over year change in blended clinical Average Sales Price (ASP) due to the increased proportion of volume coming from Reveal, TissueNext and Response. Development services and other gross margin was 48% in the first quarter of 2023, as compared to 89% in the prior year period. The change is due to a one-time cost incurred in the first quarter of 2023 related to one of our partnership agreements and to the inclusion of the cost of processing Shield LDT samples as part of our screening market development activities. Net loss was $133.5 million for the first quarter of 2023, as compared to $123.2 million for the corresponding prior year period. Net loss per share was $1.30 for the first quarter of 2023, as compared to $1.21 for the corresponding prior year period. Non-Generally Accepted Accounting Principles (GAAP) net loss was $108.5 million for the first quarter of 2023, as compared to $93.2 million for the corresponding prior year period. Non-GAAP net loss per share was $1.06 for the first quarter of 2023, as compared to $0.91 for the corresponding prior year period. Adjusted EBITDA loss was $101.0 million for the first quarter of 2023, as compared to a $86.6 million loss for the corresponding prior year period. Free cash outflow for the first quarter of 2023 was $82.0 million. Cash, cash equivalents and marketable debt securities were $937.0 million as of March 31, 2023.

Guardant Health announced that it has received new commercial health plan coverage for the Guardant360 liquid biopsy test from Anthem Blue Cross and Blue Shield, Aetna and Humana. With this additional coverage, Guardant360 CDx/Guardant360 is now covered for comprehensive genomic profiling by all major U.S. commercial health insurers. The Guardant360 CDx/Guardant360 test analyzes circulating tumor DNA (ctDNA) to provide comprehensive genomic profiling, or tumor mutation profiling, for all solid tumors. It is used by healthcare professionals to detect actionable cancer biomarkers in a patient's blood that may help inform their therapy selection. In February, Guardant Health announced that it had received coverage from UnitedHealthcare for Guardant360 CDx as companion diagnostic in advanced lung and breast cancer. Over the past few weeks, the Guardant360 test has received commercial policy coverage from three additional major U.S. health insurers. The Guardant360 test received coverage under Anthem Blue Cross and Blue Shield commercial health insurance policies for complete genomic profiling of any solid tumor to identify actionable biomarkers to inform therapy selection. Anthem operates in 14 states and provides 32 million individuals with access to more than 1.7 million doctors and hospitals nationwide through Anthem brands and the greater Blue Cross Blue Shield network.

Guardant Health announced the pricing of an upsized underwritten public offering of 12,500,000 shares of its common stock at a public offering price of US$28.00 per share, before deducting underwriting discounts and commissions. In addition, Guardant Health has granted the underwriters a 30-day option to purchase up to an additional 1,875,000 shares of common stock at the public offering price, less underwriting discounts and commissions. The gross proceeds from the offering, before deducting underwriting discounts and commissions and other offering expenses payable by Guardant Health, are expected to be $350.0 million, excluding any exercise of the underwriters' option to purchase additional shares. The offering is expected to close on or about May 25, 2023, subject to the satisfaction of customary closing conditions.

IGM biosciences Inc. (IGM Biosciences)– announced its financial results for the first quarter ended March 31, 2023. The company expects full year 2023 GAAP operating expenses of US$275 million to $285 million, including estimated non-cash stock-based compensation expense of approximately $45 million, and full year collaboration revenue of approximately $3 million related to the Sanofi S.A. agreement. The company expects to end 2023 with a balance of more than $200 million in cash and investments, and for the balance to enable it to fund its operating expenses and capital expenditure requirements into the fourth quarter of 2024. Cash and investments as of March 31, 2023 were $373.4 million, compared to $427.2 million as of December 31, 2022. For the first quarter of 2023, collaboration revenues were $0.5 million, compared to no revenue for the same period in 2022. For the first quarter of 2023, Research and Development (R&D) expenses were $50.9 million, compared to $38.9 million for the same period in 2022. For the first quarter of 2023, General and Administrative (G&A) expenses were $13.0 million, compared to $13.1 million for the same period in 2022. For the first quarter of 2023, net loss was $59.3 million, or a loss of $1.33 per share, compared to a net loss of $51.9 million, or a loss of $1.53 per share, for the same period in 2022.

Oncobeta GmbH (Oncobeta) – announced a partnership to provide an innovative, non-invasive, single-session treatment for non-melanoma skin cancer. OncoBeta and GenesisCare, Inc. (GenesisCare) have recently completed recruitment of a phase 4 clinical trial and are now expanding access to suitable skin cancer patients. Starting in June 2023 GenesisCare will offer the new therapy from their Tugan clinic, at John Flynn Private Hospital Gold Coast. This will be followed shortly after by GenesisCare clinics at Murdoch at St. John of God Hospital – Perth, Chermside Medical Complex – Brisbane, Hurstville at Waratah Private Hospital – Sydney, and Cabrini Hospital – Melbourne. Australia has the highest incidence of non-melanoma skin cancer in the world, with 32% of Australians treated for non-melanoma skin cancer each year. Recent data indicated that 70% of Australians will have at least one non-melanoma skin cancer excised. People with a history of skin cancer have a greatly elevated risk of developing new lesions. Currently used standard of care surgical treatment options can be scarring and disfiguring. OncoBeta's technology will offer a new and effective treatment option to address this large Australian medical burden. Nicholas H. Vetter, OncoBeta Group CEO, stated, "This is a huge step forward for our organization. We are very excited about working together with GenesisCare to bring our technology for treating non-melanoma skin cancer to Australia. GenesisCare is a strong partner we look forward to collaborating with to reach thousands of Australians afflicted with non-melanoma skin cancer."

POINT biopharma Global Inc. (POINT)– announced a collaboration to create Ionetix Alpha Corp. (Ionetix-α). Ionetix-α, a new subsidiary of IONETIX, is focused on near-term, commercial-scale production of Good Manufacturing Practice (GMP) grade therapeutic isotopes, such as actinium-225 (225Ac). IONETIX has transferred its alpha therapy isotope business assets into Ionetix-α. POINT will invest US$10 million into Ionetix-α. Ionetix-α will initially produce and distribute 225Ac from its isotope production and manufacturing facility located in Lansing, Michigan. This first-of-its kind facility is highly specialized and dedicated exclusively to the production and distribution of alpha-emitting radionuclides using cyclotrons. The first of two cyclotrons have been installed and commissioned.

POINT – announced first quarter results. As of March 31, 2023, POINT had approximately US$519.2 million in cash, cash equivalents, and investments, which is anticipated to fund operations into 2026. Net loss was $16.5 million, or $0.16 net loss per share, for the three months ended March 31, 2023, as compared to a net loss of $16.4 million, or $0.18 net loss per share, for the same period in 2022. Research and development expenses were $26.9 million for the three months ended March 31, 2023, as compared to $12.5 million for the same period in 2022. General and administrative expenses were $5.0 million for the three months ended March 31, 2023, as compared to $3.8 million for the same period in 2022.

RadNet Inc. (RadNet) – reported financial results for its first quarter of 2023. For the first quarter of 2023, RadNet reported revenue from its Imaging Center reporting segment of US$388.4 million and Adjusted EBITDA, excluding Losses from AI reporting segment, of $52.7 million. Revenue increased $47.3 million (or 13.9%) and Adjusted EBITDA, excluding Losses from the AI reporting segment, increased $10.9 million (or 26.2%). Including our AI reporting segment revenue of $2.1 million, revenue was $390.6 million in the first quarter of 2023, an increase of 14.3% from $341.8 million in last year's first quarter. Adjusted EBITDA for the first quarter of 2023 was $48.2 million as compared with $38.1 million in the first quarter of 2022. Net Loss for the first quarter of 2023 was $21.0 million as compared with a Diluted Net Income of $3.0 million for the first quarter of 2022. Net Loss Per Share for the first quarter of 2023 was $(0.36), compared with a Diluted Net Income per share of $0.05 in the first quarter of 2022, based upon a weighted average number of diluted shares outstanding of 57.7 million shares in 2023 and 56.4 million shares in 2022. For the first quarter of 2023, as compared with the prior year's first quarter, MRI volume increased 16.7%, Computed Tomography (CT) volume increased 16.8% and Positron Emission Tomography (PET)/CT volume increased 20.9%. Overall volume, taking into account routine imaging exams, inclusive of x-ray, ultrasound, mammography and other exams, increased 14.0% over the prior year's first quarter. On a same-center basis, including only those centers which were part of RadNet for both the first quarters of 2023 and 2022, MRI volume increased 11.9%, CT volume increased 10.6% and PET/CT volume increased 20.5%. Overall same-center volume, taking into account routine imaging exams, inclusive of x-ray, ultrasound, mammography and other exams, increased 9.3% over the prior year's same quarter.

Telix Pharmaceuticals Ltd. (Telix)– The first patients in a commercial setting in Canada have been imaged with Illuccix, a kit for the preparation of gallium-68 (68Ga) gozetotide (also known as Prostate-specific Membrane Antigen ((PSMA)-11) injection, a radioactive diagnostic agent indicated for PET imaging of PSMA-positive lesions in patients with prostate cancer. The commercial launch follows the approval of Illuccix by Health Canada in October 2022. The agency approved Illuccix for imaging in patients with suspected metastasis who are candidates for initial definitive therapy, or in patients with suspected recurrence based on an elevated PSA level.

NUCLEAR ENERGY

NuScale Power Corporation (NuScale) – The Biden Administration announced, along with multinational partners, intentions to provide up to US$275 million to advance the deployment of a NuScale's VOYGR™ small modular reactor (SMR) power plant in Romania. The public-private commitments include those from the United States, Japan, Republic of Korea, and United Arab Emirates, and will support procurement of long lead materials, Phase 2 Front-End Engineering and Design (FEED) work, provision of project management expertise, site characterization and regulatory analyses, and the development of site-specific schedule and budget estimates for project execution. In addition, the U.S Export-Import Bank (EXIM) and U.S. International Development Finance Corporation (DFC) issued Letters of Interest for potential support of up to $3 billion and $1 billion, respectively, for project deployment. Additional NuScale partners advancing the Romania project include Japan Bank for International Cooperation (Japan); DS Private Equity (Republic of Korea); EXIM Bank Romania, Nuclearelectrica, Nova Power & Gas S.R.L. (Romania); Emirates Nuclear Energy Corporation (United Arab Emirates); DFC and EXIM (United States). The announcement from the U.S. government and presence of public-private partners exemplify the global dedication to transforming the energy sector with carbon-free, reliable, baseload power like that provided by NuScale's technology. NuScale and RoPower Nuclear S.A. (RoPower), owned in equal shares by S.N. Nuclearelectrica S.A. (Nuclearelectrica) and Nova Power & Gas S.R.L., are currently conducting a Phase 1 Front-end Engineering Design (FEED) study to analyze the preferred site, a former coal plant in Doicesti, Romania. Following the FEED studies' results, the companies aim to deploy a 462 MWe VOYGR-6 power plant to help Romania meet energy security and decarbonization goals. Earlier this month, NuScale and Nuclearelectrica opened the first International NuScale Energy Exploration Center (E2 Center) in Europe, in collaboration with the U.S. and Romanian governments. The SMR simulator was installed at the University Politechnica of Bucharest to strengthen the strategic partnership with Romania, further Romania's goals of becoming a leader in the secure and safe deployment of SMRs and serve as a workforce development tool for Nuclearelectrica and the Romanian nuclear workforce. The E2 Center's opening highlights the rapidly growing global support for NuScale as a clean energy leader.

NuScale and Nucor Corporation (Nucor) have signed a Memorandum of Understanding (MOU) to explore co-locating NuScale's VOYGR™ small modular nuclear reactor (SMR) power plants to provide clean, reliable baseload electricity to Nucor's scrap-based Electric Arc Furnace (EAF) steel mills. The companies will also explore an expanded manufacturing partnership through which Nucor, the largest steel producer and recycler of any type of material in North America, would supply EconiqTM, its net-zero steel products, for NuScale projects. As part of the MOU, the companies will evaluate site suitability, transmission interconnection capabilities and capital costs for potential NuScale plants to be sited near and provide carbon free electricity to Nucor EAF steel mills. In addition, NuScale will study the feasibility of siting a manufacturing facility for NuScale Power Modules™ near a Nucor facility. NuScale's VOYGR power plants, which can be scaled in different plant configurations to produce up to 924 Megawatt electrical (Mwe) of output, are well-suited for industrial applications as a highly reliable source of carbon-free energy. As the first and only SMR design to be approved and certified by the U.S. Nuclear Regulatory Commission, NuScale's VOYGR plants include fully passive safety features which eliminate the need for an external grid connection to perform key safety functions and can achieve a site boundary Emergency Planning Zone, improving plant siting flexibility for industrial users like Nucor. The 2022 Advanced Institute of Nondestructive Testing & Training (ANDT) strengthens NuScale's partnership with Nucor, which invested US$15 million in NuScale in 2022 and highlights the growing global interest in SMRs among industrial leaders.

Plug Power Inc. (Plug Power)– landed three 5 megawatt (MW) electrolyzer projects with Ardagh Glass Limmared AB, Hydro Havrand, and the APEX Group Ltd. (APEX Group)for the first-ever use of industrial-scale green hydrogen in glass manufacturing, aluminum recycling, and steel manufacturing processes. Plug is the only company offering 5MW containerized Pronton Exchange Membrane (PEM) electrolyzers today. The standardized turnkey system, with a production capacity of more than two tons per day, reduces site construction costs and implementation complexity. By 2030, the European Union plans to produce 10 million metric tons of green hydrogen per year to decarbonize European industries and the mobility sector where the three deals Plus has announced showcase the company's current and future contribution to this initiative. Ardagh Glass Limmared AB (Ardagh), located east of Gothenburg, Sweden, is the only glass packaging producer in the Nordics and a supplier to Sweden's most popular spirits company. Dedicated to sustainable packaging solutions, Ardagh will produce 2.1 metric tons per day (TPD) of green hydrogen by the end of the year, replacing a portion of the natural gas used today while reducing overall carbon emissions at the plant. Ardagh intends to use hydroelectric power to generate hydrogen from Plug's electrolyzer. Hydro Havrand, a new unit of aluminum giant Norsk Hydro ASA (Norsk Hydro), is on a mission to decarbonize heavy industry with green hydrogen. To build a close-loop circular economy for its aluminum recycling plant in Hoyanger, Norway, Hydro will employ a 5MW Plug electrolyzer module by June 2024. The electrolyzer will displace natural gas used in the plant's burner with 2.1 metric TPD of green hydrogen. Norsk Hydro, the mother company, has deep expertise in electrolysis dating back to the 1950s. In Bremen, Germany, Plug and its trusted partner APEX Group, an integrator with strong project execution expertise, will demonstrate for the first time the feasibility of producing green steel through the decarbonization of ArcelorMittal's local blast furnaces. Plug will deliver two 5MW electrolyzer modules with a capacity to produce 4.2 metric TPD of green hydrogen to SWB, the city's public utility company, by the end of this year. The long-term goal is full decarbonization of the steel industry in northern Germany and the rest of Europe.

ECONOMIC CONDITIONS

French services Purchasing Managers' Index (PMI) surprised sharply to the downside in May, falling 1.8-points to 52.8 (market: 54.0) following three consecutive increases, as demand conditioned softened slightly. Adding to the negative report, business confidence continued to soften and fell to its weakest in five months. And while input price inflation weakened further, its slightly worrying to see output prices ticking up a tad following three consecutive declines. Overall, the composite index fell one point to a four-month low of 51.4 (market: 52.0).

Japan PMIs both manufacturing and service PMI's in Japan noted price pressures. Japan's service PMI hit its strongest level since the inception of the series and reported that strong input prices have "contributed to a sustained rise in output prices". The report suggests that inflation is staying elevated longer as opposed to what Bank of Japan; Governor Ueda previously cautioned that inflation would return to 2% by the middle of the current fiscal year.

German PMIs came in mixed in May, with the manufacturing index surprising sharply to the downside, falling to a 36-month low of 42.9 (market: 45.0), while the services PMI came in much better than expected, increasing to 57.8 (market: 55.0). Overall, this left the composite PMI a touch higher than in April at 54.3 (market: 53.4).

The sharp decline in the manufacturing index was surprisingly driven by notable deterioration in new orders and output, as demand softened—especially foreign demand. Suppliers' delivery times actually increased in May, thus offering some upward support to the manufacturing index. Overall, while the drop in the manufacturing index is troubling, continued strength in the services index suggests that consumer spending is doing better than expected despite the cost-of-living crisis.

UK PMIs come in soft in May, with the manufacturing index falling to a 5-month low of 46.9 (market: 48.0) and the services PMI declining to 55.1 (market: 55.3). Declines in the new orders and output sub-indices drove most of the fall in the manufacturing PMI, as demand conditions continued to soften. That said, some firms also noted that some of the softening in output was due to the extra bank holiday in May. In terms of the services sector, while firms reported strong demand in consumer services, rising economic uncertainty, higher borrowing costs, and budget pressures for corporate clients drove a slight fall in the overall services index. Despite the overall negative report, there were further good news on the inflation front, with input and output price growth falling further.

FINANCIAL CONDITIONS

U.S. Debt Ceiling: Markets are in a holding pattern, focusing most immediately on the U.S. debt ceiling drama. Both President Biden and Republican /Grand Old Party (GOP) McCarthy continue to say the talks are "productive" but a deal is still elusive. McCarthy says, "I believe we can get a deal done" while President Biden says that a default is "off the table". Both agree to meet daily but a failure to come to an agreement by June on the US$ 31.4 trillion cap will likely result in the U.S. defaulting on its debt. The GOP is asking for US$4 trillion in tax cuts in exchange for raising the debt ceiling but the White House has refused and instead offered to keep spending flat. Treasury Secretary Janet Yellen wrote a letter to Congress yesterday warning the government will likely run out of money to pay its bills as early as June 1 without a debt limit increase. A failure of a deal would "cause severe hardship to American families, "according to Yellen. The Republicans have a narrow majority in the House and the Democrats have a one-seat majority in the Senate. Both sides are pressuring their leaders to hold the line. In our view assuming the debt ceiling is lifted, there could in the final bill be a slight negative from a rescission of COVID-19 relief dollars but perhaps offset in a meaningful way by permitting reform. While the COVID-19 rescission dollars are a bigger impact to day-one spend (about $9 billion to transportation, $2 billion+ to highway/street) permitting reform could have a more pronounced effect on boosting the timeliness of construction projects in the U.S. longer term. A compromise could include some sort of energy and clean energy permitting reform (i.e. Information Risk Assessment (IRA) projects, energy projects, plus transportation projects), although the makeup of it is still seems very much to be determined.

The U.S. 2 year/10 year treasury spread is now -0.64% and the UK's 2 year/10 year treasury spread is 0.02%. 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 6.51%. 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 VIX (volatility index) is 18.96 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Saying…I might be wrong…is an essential trait for investors" ~ Howard Marks*

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

This research and information, including any opinion, is based on various sources including corporate press releases, annual reports, public news articles and broker research reports and is believed to be reliable but it cannot be guaranteed to be current accurate or complete. It is for information only, and is subject to change without notice. This Newsletter is not an offer to sell or a solicitation of an offer to buy any security nor is it necessarily an indication of how the portfolio of any Portland Fund is invested. The securities discussed in the Newsletter may not be eligible for sale in some jurisdictions. The views expressed by any external links and subsequent media, including but not limited to videos, are not necessarily those of Portland Investment Counsel Inc. and are provided for general information purposes only. Portland Investment Counsel Inc. assumes no responsibility for the information provided by external sources.

Use of any third party quotations does not in any way suggest that person endorses Portland Investment Counsel Inc. and/or its products.

Certain statements may contain forward-looking statements which can be identified by the use of words such as "may", "should", "will", "anticipate", "believe", "plan", "estimate", "expect", "intend", "scheduled" or "continue" or similar expressions to the extent they relate to a security. The forward-looking statements are not historical facts. These forward-looking statements are subject to a number of significant risks, uncertainties assumptions, contingencies and other factors (many of which are outside the control of, and unknown to Portland Investment Counsel Inc. and its directors, officers, employees, agents or associates), that could cause actual results or performance to be materially different from any future result so performed, expressed or implied by such forward-looking statements. Portland Investment Counsel Inc. has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

RISK TOLERANCE

Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their financial advisor before making a decision as to whether this Fund is a suitable investment for them.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns including changes in units [share] value and reinvestment of all distributions [dividends] and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. The rates of return are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Information presented in this Newsletter should be considered for background information only and should not be construed as investment, tax, or financial advice. As each individual's situation is different, you should consult with your own professional investment, accounting, legal and/or tax advisers prior to acting on the basis of the material in the Newsletter. Commissions, management fees and expenses may be associated with investment funds. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus or offering document before investing.

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

PIC23-029-E(05/23)