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# NEWS HIGHLIGHTS

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

## AUGUST 14, 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

**Reliance Industries Limited (Reliance)**– Reliance Jio Infocomm Limited (Jio) announced on Sunday that it has completed its minimum roll-out obligations in each of the 22 Licensed Service Areas across each of the spectrum bands, ahead of time under the terms of the spectrum allocated to it on August 2022. On July 19, 2023, Jio had completed submission of the prescribed details towards completion of the Phase 1 minimum roll-out obligation with the Department of Telecommunications (DoT) and the necessary DoT testing was completed in all circles. Jio had acquired a unique combination of low-band, mid-band and millilitre Wave spectrum, which coupled with its deep fibre network and indigenous technology platforms, will enable Jio to provide 5G for consumers and enterprises. Jio has the highest spectrum footprint and also has 1,000 megahertz (MHz) in the millimetre wave band (26 gigahertz (GHz)) in each of the 22 circles which will uniquely enable enterprise use cases as well as provide high-quality streaming services.

On August 10, Jio Financial Services Ltd. distributed shares to eligible Reliance shareholders, as confirmed by credit statements. The accounts of investors which were linked to central depository services were credited with the shares. The National Company Law Tribunal had previously approved the demerger of Jio Financial Services Ltd. from its parent company, Reliance. This was disclosed in an exchange filing on July 8. As part of the demerger, every shareholder of Reliance was promised shares of Jio Financial Services Ltd. in a 1:1 ratio. This means that for every share held in the parent company, shareholders received one share in the financial arm. During a special pre-open session on July 20, the shares of Jio Financial Services Ltd. were priced at Rs 261.85 per share. This price was determined based on the difference between the stock price of Reliance at the previous close and its price at the end of the special pre-market session. The valuation of Jio Financial Services Ltd. was set at Rs 1.72 lakh crore with an apportionment cost of Rs 133 per share. As of now, the listing date for Jio Financial Services is still pending confirmation from the exchanges. However, it is expected that Reliance will announce the listing date prior to its annual general meeting scheduled for August 28.

**Samsung Electronics Co., Ltd. (Samsung)** - Samsung announced last week that the company is expanding its collaboration with Intel through a new product innovation agreement, allowing the companies to continue advancing virtualized Radio Access Network (RAN) for enhanced performance and capacity. As part of this expanded collaboration, Samsung will integrate its virtualized RAN software with Intel processors to deliver advanced vRAN solutions. Offering increased capacity, Samsung's enhanced vRAN will be able to support more cells with the same number of servers, which would bring the benefits of power savings and cost efficiency to network operators. Samsung and Intel Corporation (Intel) have been collaborating on vRAN innovation since 2017, and the companies have already proven the performance of their integrated solutions in Tier One operators' commercial networks in the U.S., the UK and Japan. In these networks, Samsung's vRAN software integrated with 3rd Gen Intel Xeon Scalable processors (Intel's previous generation processor) has been delivering performance optimization and power saving capabilities to operator networks.

**Altice USA, Inc. (Altice)** - Patrick Drahi declared to investors that reducing Altice France's leverage was his priority in a bid to assuage concern over the telecommunications business's debt pile. In a call with investors Tuesday, Drahi outlined options including selling assets, contributing shareholder equity and buying back some of the bonds at a discount. Altice France committed to reduce its debt by one turn of leverage within the next 12 months. Drahi spoke to bond investors in his group of companies on Monday and Tuesday, seeking to reassure them on the deleveraging plans and provide an update on the impact of a Portuguese corruption probe. Altice France also confirmed that the company was still in active discussions on the sale of a data center, a process that has been closely watched by investors. Management said the sale, which they had expected to wrap up during the summer, has been delayed due to the probe. Altice France subordinated bonds due in 2027 gained 0.5 cent following the presentation to investors, erasing losses from earlier in the day in the wake of the company reporting a decline in second-quarter earnings. Executives said that the options for deleveraging Altice France were being considered in parallel, and what will happen next is still fluid. Altice France has already looked to improve its debt sustainability, and this year extended the maturity of its term loans. In a call with investors Monday for Altice International, Drahi gave his personal support for the debt, saying he still owned some of Altice France's unsecured bonds as part of his personal holdings. Such bonds have been trading at a steep discount, with some unsecured notes trading at below 50% of face value, according to data compiled by Bloomberg.

**Brookfield Asset Management Ltd. (Brookfield)** –announced financial results for the quarter ended June 30, 2023. Connor Teskey, President of Brookfield stated, "We delivered strong results in the second quarter, showcasing the resilience of our business and stability of our fee streams that are driven by nearly 85% of fee-bearing capital attributable to long-term perpetual funding sources. Year-to-date, we committed to investments worth CA$50 billion. The scale, stability, and diversity of our businesses continue to differentiate our franchise with clients and counterparties." He added, "We also continue to see very strong momentum on the fundraising side. We've made terrific progress so far this year, having raised $37 billion of capital to date and expect this to accelerate in the second half of the year as we progress our efforts on recently launched funds. With these fundraising efforts, combined with approximately $50 billion of additional insurance inflows, we expect to raise close to $150 billion of capital this year which should drive meaningful earnings growth in 2024 and beyond." Net income for the publicly traded entity Brookfield totaled $109 million for the quarter. Brookfield owns a 25% interest in the company's asset management business and the remaining 75% is owned by Brookfield Corporation. Brookfield 's distributable earnings were $527 million for the quarter and $2.2 billion over the last twelve months. Fee-related earnings comprise approximately 100% of distributable earnings for both the quarter and the last twelve months. Robust fundraising efforts and strong capital deployment activities drove quarterly fee-related earnings to $548 million for the quarter, representing an increase of 6% compared to the prior year period. The company has raised $74 billion over the last twelve months, with $17 billion raised during the second quarter and $37 billion raised year-to-date. Fee-bearing capital was $440 billion at the end of the second quarter, an increase of approximately $8 billion during the quarter and $48 billion or 12% over the past year. Brookfield committed to investments worth $50 billion across a number of high-quality businesses and assets; advanced or completed $15 billion of monetizations through the first half of 2023, generating strong multiples of capital and internal rate of returns. As of June 30, 2023, the company has $83 billion of uncalled fund commitments.

**Brookfield Corporation** announced financial results for the quarter ended June 30, 2023. Nick Goodman, President of Brookfield Corporation, stated, "Financial performance was very strong during the second quarter, as our operations continued to generate stable and growing cash flows. Momentum continues to grow across the business; so far this year we have announced more than CA$50 billion of acquisitions, sold approximately $15 billion of assets, and are on track to achieve a record of close to $150 billion of inflows in 2023." He added, "We continue to differentiate our franchise with nearly $120 billion of liquidity, strong access to large scale capital, and our deep investment and operating expertise—all of which enables us to further scale our operations with the goal of having one of the largest pools of discretionary capital globally." Distributable earnings (DE) before realizations increased by 21% compared to the prior year, after adjusting for the special distribution of 25% of the asset management business that was completed in December last year. Net income in the second quarter was $1.5 billion. DE before realizations were $1.0 billion for the quarter and $4.3 billion for the last twelve months (LTM). Both benefited from the strong financial performance and resilient nature of the underlying businesses with the comparative period net income for the LTM including higher valuation gains. The asset management business benefited from another strong quarter of fundraising and deployment, increasing fee-related earnings by 16%, when excluding performance fees, compared to the prior year. The insurance solutions business delivered a very strong quarter as Brookfield Corporation continues to focus on expanding the investment returns of their existing assets by redeploying short-duration investment portfolio into higher yielding assets. The operating businesses generated stable and recurring cash flows, reflecting the strong underlying fundamentals of high-quality businesses. This was supported by the earnings growth across their renewable power & transition, infrastructure and private equity businesses and same-store net operating income growth in real estate business. During the quarter and over the LTM, earnings from realizations were $174 million and $889 million, respectively, with total DE for the quarter and LTM of $1.2 billion and $5.2 billion, respectively.

**Carnival Corporation & plc (Carnival)** – announced that it has closed its previously announced private offering of US$500 million aggregate principal amount of 7.00% first-priority senior secured notes due 2029 and its upsized $1.3 billion senior secured first lien term loan B facility. The company used the proceeds from the refinancing transactions to repay a portion of the borrowings under the company's existing first-priority senior secured term loan facility maturing in 2025. The notes will pay interest semi-annually, at a rate of 7.00% per year. The notes will mature on August 15, 2029. The notes are fully and unconditionally guaranteed on a first-priority senior secured basis, jointly and severally, by Carnival and certain of the company's and Carnival 's subsidiaries that also guarantee the company's other first-priority secured indebtedness, their second-priority secured indebtedness, certain of the unsecured notes and convertible notes. The new first lien term loan bears interest at a rate per annum equal to secured overnight financing rate with a 0.75% floor, plus a margin equal to 3.00%, and will mature in 2027.

**Nomad Foods Limited (Nomad)** – reported financial results for the three and six month periods ended June 30, 2023. Key operating highlights and financial performance for the second quarter 2023, when compared to the second quarter 2022, include reported revenue increased 6.9% to €745 million; organic revenue growth of 8.6%; reported profit for the period of €49 million; adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) increased 4.5% to €132 million and adjusted earnings per share (EPS) remained unchanged at €0.40. Stéfan Descheemaeker, Nomad's Chief Executive Officer (CEO), stated, "Nomad maintained sales momentum from the first quarter of the year into the second quarter. We grew organic sales by 8.6% and Adjusted EBITDA by 4.5% year-on-year, while keeping our

Gross Margin stable. Furthermore, we completed our preparations and planning to kick off a comprehensive advertising & promotional (A&P) investment plan next quarter, and we expect to see visible improvement in our volume and market share performance in the second half of the year. Building on this strong first half performance, second quarter share buyback, and our improving expectations for the second half, we are raising our Adjusted EPS guidance range to €1.54 to €1.57 from our previous range of €1.52 to €1.55. Furthermore, we maintain our guidance for Adjusted Free Cash Flow conversion in the range of 90% to 95% for 2023, generating approximately €250 million of Adjusted Free Cash Flow." Noam Gottesman, Nomad's Co-Chairman and Founder, commented, "Nomad again reported a strong performance this quarter. We delivered strong organic revenue growth while protecting our Gross Margin through pricing and cost discipline. Additionally, we repurchased nearly €53 million in shares this quarter, and we continue to believe share buybacks are an important component of our capital allocation strategy representing tremendous value for our shareholders. Nomad's leading brands, great people, and world-class supply chain continue to drive great results, and the operational plans we built for this year are coming to fruition which gives us confidence to revise our guidance. As we look ahead to the balance of the year, we are excited about the renewed investment in A&P to drive long-term growth and recapture market momentum. Frozen food remains an excellent value for all consumers, and we see plenty of opportunities ahead. We are investing in sustainable long-term growth and remain focused on driving value for our shareholders."

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**Clarity Pharmaceuticals Ltd (Clarity)** – announced the successful completion of cohort 2 and advancement to cohort 3 in the dose escalation phase of its Phase I/II theranostic trial, SECuRE, evaluating 64Cu/67Cu SAR-bisPSMA in patients with mCRPC. The SECuRE trial is a Phase I/IIa theranostic trial for identification and treatment of Prostate-Specific Membrane Antigen (PSMA) expressing mCRPC using 64Cu/67Cu SAR-bisPSMA. 64Cu SAR-bisPSMA is used to visualise PSMA expressing lesions and select candidates for subsequent 67Cu SAR-bisPSMA therapy. The trial is a multi-centre, single arm, dose escalation trial with a cohort expansion involving up to 44 patients in the U.S. The aim of the trial is to determine the safety and efficacy of 67Cu SAR-bisPSMA for the treatment of prostate cancer.

**Fate Therapeutics, Inc. (Fate)** – reported financial results for the second quarter ended June 30, 2023. Cash, cash equivalents and investments as of June 30, 2023 were US$385.2 million. In addition, as of June 30, 2023, cash receivables from the company's collaboration with Ono Pharmaceutical Co., Ltd. (Ono)were $2.8 million. Revenue was $0.9 million for the second quarter of 2023, which was derived from the company's conduct of preclinical development activities for a second collaboration candidate targeting an undisclosed solid tumor antigen under its collaboration with Ono. For the second quarter of 2023, generally accepted accounting principles (GAAP) operating expenses were $63.5 million, including research and development expenses of $40.9 million and general and administrative expenses of $22.6 million. Such amounts included $12.9 million of non-cash stock-based compensation expense. Common shares outstanding were 98.5 million, and preferred shares outstanding were 2.8 million, as of June 30, 2023. Each preferred share is convertible into five common shares.

**Iovance Biotherapeutics, Inc. (Iovance)** –reported second quarter financial results. Iovance had US$317.3 million in cash, cash equivalents, investments and restricted cash at June 30, 2023, compared to $478.3 million at December 31, 2022. With the estimated net proceeds from the common stock public offering of approximately $161.4 million raised in July of 2023, the cash position is expected to be sufficient to fund current and planned operations into the end of 2024. Net loss for the second quarter ended June 30, 2023, was $106.5 million, or $0.47 per share, compared to a net loss of $99.3 million, or $0.63 per share, for the second quarter ended June 30, 2022. Net loss for the six months ended June 30, 2023, was $213.9 million, or $0.98 per share, compared to a net loss of $191.0 million, or $1.21 per share, for the same period ended June 30, 2022. Revenue for the six months ended June 30, 2023, was $0.2 million, comprised of product sales following the Proleukin acquisition in May of 2023. There was no revenue for six months ended June 30, 2022. Cost of sales for the six months ended June 30, 2023, was $2.1 million, including $1.9 million of non-cash amortization of the acquired intangible asset for developed technology during the second quarter. There was no cost of revenues for the six months ended June 30, 2022. Research and development expenses were $86.3 million for the second quarter ended June 30, 2023, an increase of $12.9 million compared to $73.4 million for the same period ended June 30, 2022. Research and development expenses were $169.1 million for the six months ended June 30, 2023, an increase of $27.4 million compared to $141.7 million for the same period ended June 30, 2022. The increases in research and development expenses in the second quarter and first half of 2023 over the prior year periods were primarily attributable to growth of the internal research and development team, as well as higher costs related to facilities, internal research programs and the Phase 3 TILVANCE trial, which were partially offset by a decrease in stock-based compensation expense. Selling, general and administrative expenses were $21.9 million for the second quarter ended June 30, 2023, a decrease of $4.4 million compared to $26.3 million for the same period ended June 30, 2022. Selling, general and administrative expenses were $50.0 million for the six months ended June 30, 2023, an increase of $0.3 million compared to $49.7 million for the same period ended June 30, 2022.

**Relay Therapeutics, Inc. (Relay)** – reported second quarter 2023 financial results. As of June 30, 2023, cash, cash equivalents and investments totaled US$871.6 million compared to approximately $1 billion as of December 31, 2022. Relay expects its current cash, cash equivalents and investments will be sufficient to fund its current operating plan into the second half of 2025. Research and development expenses were $88.2 million for the second quarter of 2023, as compared to $60.5 million for the second quarter of 2022. The increase was primarily due to $13.6 million of additional clinical trial expenses and $9.3 million of additional employee-related costs, which include $5.0 million of additional stock-based compensation expense. General and administrative expenses were $20.1 million for the second quarter of

2023, as compared to $17.5 million for the second quarter of 2022. The increase was primarily due to additional employee-related costs, which include $3.3 million of additional stock-based compensation expense. Losses was $98.5 million for the second quarter of 2023, or a net loss per share of $0.81, as compared to a net loss of $76.8 million for the second quarter of 2022, or a net loss per share of $0.71.

**Telix Pharmaceuticals Limited (Telix)** – announced that a first patient has been dosed in China in the pivotal Phase III registration study of TLX591-CDx (Illuccix, Kit for the preparation of 68Ga-PSMA-11), for the imaging of prostate cancer using positron emission tomography. The Phase III Illuccix China study is a prospective, open-label, single-arm, multicenter study in Chinese patients with biochemically recurrent (BCR) prostate cancer that is intended to bridge to the marketing authorisation granted to Illuccix by the U.S. Food and Drug Administration. The study – a collaboration with Telix's strategic partner for the Greater China region, Grand Pharmaceutical Group, is required to establish that the diagnostic utility of TLX591-CDx is equivalent in Chinese and Western populations. This study will enroll up to 110 patients with BCR prostate cancer, and data will support a future marketing authorisation application for TLX591-CDx in China.

## NUCLEAR ENERGY

**Ares Acquisition Corporation (Ares)**– X-Energy, LLC (X-energy), a leading developer of advanced small modular nuclear reactors and fuel technology for clean energy generation, announced the appointment of Gregory J. Goff to the company's Board of Directors, effective immediately. Mr. Goff currently serves on the boards of Exxon Mobil Corporation and Avient Corporation. Mr. Goff is also the founder and president of G & S Energy, a company focused on creating businesses in the energy sector, and GJG Development, LLC, a real estate development company. Previously, Mr. Goff served as the Executive Vice Chairman of Marathon Petroleum Corporation (Marathon), an integrated downstream energy company, until his retirement in 2019. He joined Marathon in 2018 following its acquisition of Tesoro Corporation (Andeavor), a leading petroleum refining and marketing company. From 2010 to 2018, he served as President and CEO of Andeavor, and as its Chairman from 2014 to 2018. In 2018, Harvard Business Review named Mr. Goff one of the "Best-Performing CEOs in the World." Prior to joining Andeavor, Mr. Goff had an almost 30-year career with ConocoPhillips, during which he held various senior leadership positions in exploration and production and downstream and most recently served as Senior Vice President of commercial businesses from 2008 to 2010. Mr. Goff is the Executive Director of the Goff Foundation and founder of the Goff Strategic Leadership Center at the University of Utah and serves on the National Advisory Board for the University of Utah's David Eccles School of Business. Mr. Goff holds a Bachelor of Science and an MBA from the University of Utah. Upon the announcement, Kam Ghaffarian, X-energy founder and Executive Chairman said, "we are thrilled to welcome Greg to the Board of X-energy. This is a momentous time for the Company as we are poised to address the critical needs of customers for clean, affordable, safe, and reliable energy".

**ITM Power Plc (ITM)** – announced a review of strategic options for the exit from Motive Fuels Ltd (Motive) during the company's quarterly results conference call. The company has now announced that a non-binding Heads of Terms agreement for the sale of the company has been signed. The Joint Venture was established in March 2022 to develop and roll out hydrogen refuelling stations in the UK. The vision was one of building a significant UK refuelling business, with £30m committed by each Joint Venture party as seed funding. However, one of the three priorities of the company's 12-month plan is increased cost and capital discipline. The planned transaction will allow ITM to redirect £28 million of pre-committed cash to the company's core business. The decision aligns with ITM's priority of becoming a volume manufacturer of state-of-the-art Electrolysers. The strategic redirection of funds will enable ITM to concentrate of scaling up to seize significant growth opportunities. The transaction is expected to be completed in this calendar year. Andy Allen, chief financial officer of ITM, said: "The sale of Motive will allow us to devote our time, attention and capital resources on our core competencies, to ready the business for scaling up to capture the significant growth opportunities that lie ahead of us. Motive has been an important part of ITM's journey, and it is important to us that the business will be left in capable and ambitious hands."

**NuScale Power Corporation (NuScale)** – announced second quarter results, with revenue of US$5.8 million and net loss of $29.7 million for the three-month period ended June 30, 2023, compared to revenue of $2.7 million and a net loss of $21.4 million, respectively, for the same period in 2022. The company ended the period with a strong balance sheet with cash and cash equivalents of $214.6 million ($60.2 million of which is restricted), and no debt. Fully diluted share count of 260.9 million shares as of June 30, 2023, is comprised of 74.0 million shares of Class A Common Stock outstanding, 154.7 million shares of Class A Common Stock issuable upon the exchange of NuScale Class B Units, 28.9 million shares of Class A Common Stock issuable upon the exercise of outstanding stock options and warrants, and 3.3 million time-based awards that vest between one and three years. The company mentioned that the remaining fiscal year 2024 appropriations for the U.S. Department of Energy (DoE)'s NuScale award continue to remain achievable. In addition to financial results, NuScale highlighted relevant business updates achieved throughout the quarter. The company made progress on the Carbon Free Power Project (CFPP), including the project submitting a Limited Work Authorization to the Nuclear Regulatory Commission for review and approval, continuing to advance the Combined License application toward submission, which remains on schedule, and developing a Class 2 cost estimate for the project. In addition, House and Senate fiscal year 2024 appropriation bills fully fund CFPP for fiscal year 2024. The current House and Senate fiscal year 2024 appropriation bills would fully fund CFPP for fiscal year 2024, subject to the reconciliation process and being signed into law. The company received support to advance Romania's RoPower project into the next phase, including global public private funding commitments from the Biden administration and other partners. The funding is expected to support procurement of long lead materials, Phase 2 Front-End Engineering and Design work, provision of project management expertise, site characterization, regulatory analyses, and the development of site specific schedule and budget estimates for project execution. The company received global public-private commitment from the Biden administration and multinational partners to provide up to $275 million to advance the deployment of a NuScale VOYGR™ small modular reactor (SMR) power plant in Romania. NuScale also signed a memorandum of understanding with Nucor Corporation, the largest and most diversified steel and clean steel products company in North America. As part of the agreement, the companies will evaluate site suitability, transmission interconnection capabilities and capital costs for potential NuScale VOYGR plants to power Nucor electric arc furnace steel mills as well as explore an expanded manufacturing partnership. NuScale showcased new research that details NuScale's expanded capabilities to reduce emissions and aid decarbonization efforts within the industrial sector, where benchmarked research demonstrated advanced capabilities of NuScale VOYGR SMR power plants to support a wide variety of industrial heat applications, a first for light water reactor technology. Steam generated by a single NuScale Power Module can be efficiently compressed and heated to produce high temperature and high-pressure steam at commercial scale. The company further sustained progress toward 2023 strategic objectives, reflecting focus on growing the business pipeline and ensuring readiness to deliver on commitments to existing customers.

**Plug Power Inc. (Plug)** –reported largest quarterly revenue of the company's history, at US$260.2 million, up 72% year over year and reaffirmed revenue guidance of $1.2 billion - $1.4 billion for 2023. Record revenue reflects increasing traction with a vertically integrated business model, strong growth in material handling, and contributions from new product lines. Margins of the company's operations improved sequentially, reflecting substantial gain when adjusting for multiple items associated with scaling up all the new offerings. Manufacturing scale, green hydrogen build out, and vertically integrated business model sets up an inflection point in both revenue and path to profitability. Record revenue in the second quarter demonstrates the strength of Plug's vertical integration strategy. Expansion with pedestal customers in material handling and significant growth in cryogenics and liquefaction helped drive revenue growth in the quarter. Electrolyser revenue in the second half of 2023 is projected to increase substantially. This, coupled with strong revenue outlook in cryogenic business and Plug's application business including material handling, positions the company to achieve its revenue targets for the year. Reported GAAP gross loss of (30%), improved sequentially. This includes approximately $45 million of costs primarily associated with multiple scale up related activities incurred in the quarter. The range of new offerings being launched in the quarter and the pace of scale up for sales and manufacturing of these new offerings for Plug is unprecedented in its history. Some of these costs were associated with several necessary investments which position Plug for future growth and improved profitability, including electrolyser production optimization, scaling the new Vista facility, and launching new application products. Additional costs were incurred including higher fuel cost due to unplanned hydrogen plant maintenance and elevated hydrogen pricing on the West Coast. In addition to the company's financial results, Plug highlighted recent business updates achieved within the period. Plug's Georgia green hydrogen plant reaching major milestone where the company continues to optimize and ramp-up the plant. Final commissioning activities are said to be underway to reach 17.5 tons per day of production on site during the third quarter of 2023. Plug recently closed a large electrolyzer deal with a major integrated energy operator in Europe and is at final stages of closing multiple other large opportunities. This company is tracking over 7.5 GW of electrolyser sales opportunities with final investment decisions (FID) expected in the next 12-18 months. Liquefier and cryogenics business delivered significant growth in the quarter, where sales from Plug's cryogenics and liquefier business totaled $69.7 million in the second quarter of 2023 compared to $18.2 million in the second quarter of 2022. Plug's liquefier and cryogenic business is pursuing over $1.5 billion of bookings opportunities in the medium term. The company's material handling business signed a new pedestal customer in North America, now totaling 11 globally: 17 material handling sites were added in the second quarter representing a 70% increase year over year. The company said it is now on track for 80+ new sites in 2023, which would represent an almost 100% increase in site growth year over year. The company continues to explore multiple financing options to support anticipated growth: Plug is evaluating several financing options with counterparties, including but not limited to, the DoE Loan Program, strategic project investment partners, and corporate debt facilities.

## ECONOMIC CONDITIONS

**Canada**- The trade deficit unexpectedly widened to CA$3.7 billion in June amid drops in both exports (-2.2% month over month) and imports (-0.5% month over month). In volume terms, exports fell by 1.1% month over month, and imports rose by 0.9% month over month. The drop in exports was widespread, with declines observed in every export category except for aircraft and consumer goods. The drop was especially acute for metal products (-8.0% month over month) due to lower gold shipments. On the import side performance was a bit more mixed, including a large increase in metal product imports (+12.9% month over month), and a sharp drop in energy imports (-13.0% month over month). More generally, the widening trade deficit fits with the projected slowdown in economic activity in June, and an expectation for activity to slow in the second half of 2023. Lastly, it should be noted that the British Columbia Port strikes did not begin until July, so will not have impacted the June trade data.

**U.S. Consumer Price Index (CPI)** progressed a consensus-matching 0.2% in July. Price in the energy segment edged up 0.1% as gains for gasoline (+0.2%) and utility gas services (+2.0%) were only partially offset by a 0.7% decline in the electricity segment. The cost of food, meanwhile, advanced 0.2%. The core CPI, which excludes food and energy, progressed a consensus-matching 0.2%. Prices for ex-energy services rose 0.4% on gains for shelter (+0.4%), motor vehicles maintenance (+1.0%) and insurance (+2.0%). Airline fares (-8.1%), meanwhile, dropped for the fourth month in a row. Medical care services (-0.4%) acted as a drag once more. The cost of core goods, for its part, fell 0.3%, marking the biggest decline in 16 months for this indicator. Both used (-1.3%) and new vehicles (-0.1%, a fourth decline in a row) weighed on goods prices, whereas medical care commodities (+0.5) and tobacco/smoking products (+0.5%) had positive contributions. The price of apparel remained unchanged in the month. Year on year, headline inflation is at 3.2%, up from 3.0% the prior month but still one tick below consensus expectations. It was also the first increase in year-on-year headline inflation recorded in 13 months. The 12-month core measure, meanwhile, moved from 4.8% to 21-month low of 4.7%. This result was in line with consensus expectations.

**U.S. to Ban Some Investments in China**-The U.S. is set to ban private-equity and venture-capital investments in some Chinese technology companies under an executive order the Biden administration released last week, "escalating Washington's efforts to prevent Beijing from developing cutting-edge technology for its military".

**China Now Sells Fewer Goods to the U.S. than Mexico or Canada Do**-Mexico and Canada have replaced China as the top providers of goods to the U.S. as a nearshoring push encourages more diversified supply chains."

**China** - slipped into deflation for the first time since February 2021 with July CPI coming in at -0.3% year over year (consensus: -0.4%, Jun: 0%). The negative year over year print was in part due to a high base last year and is likely to be temporary, with the Aug CPI likely to show prices recovering on an annual basis. Food prices, which constitute a significant % of the CPI basket, declined over the month and exerted a heavy drag on the headline CPI though other components suggest that prices pressures are picking up on the services side. Tourism prices accelerated in July, up 10.1%month over month, 13.1% year over year likely on the back of jump in summer travel. Recreational and travel prices may continue to extend its rise as authorities have signaled greater support to boost domestic travel. Meanwhile, Producer Price Index printed at -4.4% (consensus: -4.0%, June: -5.4%), a slight improvement from last month which wasn't surprising given the rebound in oil prices. Today's report highlights the economy faces subdued price pressures from weak economic demand, but the details don't point to an imminent risk of a deflationary spiral in our view.

**China's property sector**- Country Garden suspended another eleven onshore bonds and property developer Sino-Ocean suspended trading on some of its notes. One of China's largest wealth managers (Zhongzhi Enterprise Group, also known as China's Blackstone Inc.) is rumored to be in liquidity crisis after one of its subsidiaries missed payments on some investment products.

**UK Gross domestic product (GDP)** surprised sharply to the upside in June, rising 0.5% month over month (market: 0.2%), which brought activity above its pre-COVID-19 level for the first time since May 22. On a quarterly basis, the upside surprise left the second quarter GDP up 0.2% quarter over quarter (market: 0.0%, Bank of England: 0.1%). Growth in services sector output was in line with the consensus forecast of 0.2% month over month, as large increases in information & accommodation, wholesale & retail trade more than offset a 0.8% month over month fall in health sector output, likely due to another set of junior doctor strikes. Accommodation and food sector production also put notable upside pressure on services output, likely on the back of the warm and sunny weather. The surprise in monthly GDP growth came from manufacturing and construction activity. Manufacturing production rose 2.4% month over month (market: 0.2%), with business reporting that part of the strength was due to a bounce-back from the reduced output in May due to the King's coronation. Construction output rose 1.6% month over month (market: 0.0%), with anecdotal evidence suggesting that part of this was due to the warm weather. This report suggests that there was a bigger drag to May GDP from the coronation, but it was masked by strength elsewhere in the economy. In other words, bounce-back effects drove June's strength, and today's data reflects that, rather than a stronger underlying economy in our view.

**Norwegian headline inflation** surprised to the downside, falling a full percentage point to 5.4% year over year (market: 5.9%, Norges Bank: 6.2%). Core inflation on the other hand came in as expected, falling to 6.4% year over year (market: 6.4%, Norges Bank: 6.3%). Weak food and energy inflation put downside pressure on the print, however, services saw another large increase, which pushed the year over year inflation rate to 5.5% year over year. While the fact that headline inflation is now tracking quite a bit below Norges Bank's forecast—after coming in 0.4 percentage points above in June—strong services inflation and core staying above the Bank's forecast should continue to worry the Bank in our view.

## FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.77% and the UK's 2 year/10 year treasury spread is -0.51%. 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 6.95%. Existing U.S. housing inventory is at 3.1 months supply of existing houses as of June 30, 2023 - well off its peak during the Great Recession of 11.1 months and we consider a more normal range of 4-7 months.

The volatility index (VIX) is 14.99 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

**And Finally:** *"Vitality shows in not only the ability to persist but the ability to start over" - F. Scott Fitzgerald*

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