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NEWS HIGHLIGHTS

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

SEPTEMBER 18, 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

Amazon.com, Inc. (Amazon) - Amazon is introducing advanced logistics capabilities to businesses that don't even sell on its marketplace. The company says that its new Supply Chain by Amazon service allows sellers to ship products from factories, regardless of whether it's going to Amazon or not. The program means that Amazon will pick up, ship, and deliver products to customers from manufacturing facilities across the globe. It will also manage customs clearance, ground transportation, bulk storage, and inventory replenishment. As a result, sellers don't have to worry about the supply chain side of the business, allowing them to focus on marketing their products and taking care of sales. Amazon is also introducing multi-channel distribution which will allow sellers to move products in bulk from Amazon's warehouses to other non-Amazon facilities, which could simplify supply chain management by letting sellers replenish across all their fulfillment channels from a single inventory pool.

Reliance Industries Limited (Reliance)– On September 11, Reliance Retail Ventures Limited (RRVL) announced that global investment firm KKR & Co. Inc. (KKR), through an affiliate, will invest ₹ 2,069.50 crore into RRVL, a subsidiary of Reliance. This investment values RRVL at a pre-money equity value of ₹ 8.361 lakh crore, which makes it among the top four companies by equity value in the country. KKR's follow-on investment will translate into an additional equity stake of 0.25% in RRVL on a fully diluted basis. This, combined with its stake from its investment of ₹ 5,550 crore in RRVL in 2020, will take its total equity stake in RRVL to 1.42% on a fully diluted basis. The previous fund-raise round by RRVL in 2020 from various global investors of an aggregate amount of ₹ 47,265 crore was done at a pre-money equity value of ₹ 4.21 lakh crore. RRVL, through its subsidiaries and associates, operates India's largest, fastest growing, and most profitable retail business serving 267 million loyalty customers with an integrated omnichannel network of over 18,500 stores and digital commerce platforms across grocery, consumer electronics, fashion & lifestyle, and pharma consumption baskets. RRVL's vision is to galvanize the Indian retail sector through an inclusive strategy serving millions of customers, empowering micro, small and medium enterprises and working closely with global and domestic companies as a preferred partner, to deliver immense benefits to Indian society, while protecting and generating employment for millions of Indians. RRVL, through its New Commerce business, has digitized more than 3 million small and unorganized merchants. This will enable these merchants to use technology tools and an efficient supply chain infrastructure to deliver a superior value proposition to their own customers.

The Walt Disney Company (Disney) has held preliminary talks with potential buyers for its India streaming and television business including Reliance, according to people familiar with the matter. The U.S. company has discussed a range of options with would-be suitors, from a deal for the entire Disney Star business to a piecemeal transaction that may include some combination of its assets including sports rights and regional streaming service Disney+ Hotstar, the people said. Disney has been weighing strategic options for the business including an outright sale or setting up a joint venture, after the Indian unit lost its streaming rights to the Indian Premier League (IPL) cricket tournament to Viacom18 Digital Ventures, a tie-up between Paramount Global and Reliance. Disney had approached Reliance about potentially buying a stake in the business, a person familiar with the matter said at the time. Discussions are ongoing and may not lead to any deal, the people said, asking not to be identified as the information is private. Disney could decide to hold onto the assets for longer, they added. A representative for Disney declined to comment. A spokesperson for Reliance said the company "evaluates various opportunities on an ongoing basis" and will make the required disclosures when necessary, declining to comment further. JioCinema, the streaming service backed by Reliance, netted a record 32 million concurrent viewers in May for the IPL final, which was free to watch on the platform. The venture has begun charging for some content on the platform after signing a multi-year pact to stream Warner Bros Discovery, Inc.'s exclusive content in India.

Altice USA, Inc. (Altice) - Patrick Drahi said he would prefer to sell stakes of Altice's European carriers to private equity investors rather than industrial or strategic partners, as the billionaire weighs options for reducing debt. The comments came during a meeting with investors in New York on Thursday, an unofficial transcript of which was seen by Bloomberg. An Altice spokesperson confirmed its accuracy and declined to comment. The company has hired advisers in all geographies to consider selling equity stakes or debt in Altice's units, as reported by Bloomberg. Lenders to Altice have been scrutinizing efforts to reduce the group's heavy debt loads, in the face of a surge in borrowing costs and looming debt maturities. The network of businesses includes Altice France, Altice International, which has operations in Portugal, Israel, and the Dominican Republic, as well as the listed Altice. In New York, Drahi also said he is open to selling Altice Portugal. He said that after years of building out the fiber network there, he's ready to give the leadership to someone else if they offered the right price. The company had previously considered a sale in 2021, noted people familiar with the matter at the time. Dennis Okhuijsen, a senior adviser to Altice, listed possible asset sales in France, including its data centers, a stake in fiber construction unit XpFibre, and its media assets, which he described as "high value," according to the transcript. The group owns media outlets including TV news channel BFM and radio station RMC, which several investors including French billionaire Xavier Niel have been circling. Okhuijsen's comments, first reported by French news outlet L'Informe, appear to contradict those of Arthur Dreyfuss, Altice France Chief Executive Officer. He told employee representatives earlier on Thursday that Altice's media assets were not for sale, according to people familiar with the matter who asked not to be identified because the meeting was private.

Danaher Corporation (Danaher)– Jonathan Milner, Abcam plc (Abcam) founder said he would vote against Danaher's proposed US$5.7 billion acquisition of the company, as, he thinks, it undervalues the protein consumables maker. Danaher's offer price of $24 per share "falls significantly short of its (Abcam's) inherent worth", Milner said. Milner, who owns a 6.14% stake in the company, has been pushing to refresh its board while calling for improvements in governance to restore the company's share price for a fair valuation for a buyout offer. The stock has gained about 47% this year. Abcam has come under pressure from Milner and activist shareholders including hedge fund Starboard Value LP to sell itself. Milner, who served Abcam as chief executive officer (CEO) from 1999 to 2014 and later as deputy chairman from 2015 to 2020, in June had appealed to shareholders to elect him as executive chairman, while calling for the removal of Peter Allen, Michael Baldock, and Sally Crawford as directors of the company. Milner said he would formally request the board for a general meeting to replace members including chairman, chief executive, and chief financial officer. Abcam considers it "surprising" that Milner is taking steps to oppose the deal, which appears to be an attempt to create confusion for shareholders ahead of voting on the transaction. Cambridge, England-based Abcam manufactures and supplies so-called protein consumables such as antibodies, reagents used for medical research. Danaher said it is committed to Abcam's current geographic presence, with its headquarters in the UK.

Telix Pharmaceuticals Limited (Telix)– **Eckert & Ziegler Strahlen- und** Medizintechnik AG (Eckert & Ziegler) announced they have entered into a comprehensive collaboration agreement with RefleXion Medical, Inc. (RefleXion) and Telix to jointly develop a new concept – Satellite Hot Labs (SHLs). SHLs are designed specifically for radiolabeling, quality control and storage of molecular targeting radiotracers, referred to as BioGuides, that are used in biology-guided radiotherapy (BgRT) to direct the radiation beam to indicated solid tumor cancers. The development of the SHL will allow radiolabeling of cold kits including Gallium-68 PSMA-11(prostate-specific membrane antigen) (gallium-68 gozetotide, Illuccix®) for use with RefleXion's BgRT technology (SCINTIX® therapy). Ga-68 PSMA-11 is currently approved in nuclear medicine for the diagnosis of late-stage prostate cancer and for selection of patients for Lutetium-177 PSMA therapy. The establishment of SHLs supports greater access for Ga-68 PSMA-11 to be used in the field of external-beam radiotherapy, that will offer a new treatment option for all prostate cancer stages. SHLs will enable greater flexibility for provision of radiotracers on-demand and in the shortest spatial distance to the linear accelerator, thus saving crucial resources. "We are excited to be part of this unique project, which will transfer and expand the use of Gallium-68 into radiation therapy," stated Dr. Harald Hasselmann, CEO of Eckert & Ziegler. "In addition to providing our extensive technological and regulatory expertise in the areas of radiosynthesis and quality control, this engagement offers great potential for our product GalliaPharm®." "This agreement strengthens Telix's collaborations with Eckert & Ziegler and RefleXion, two companies with whom we have built very strong working relationships. The combination of Illuccix with RefleXion's innovative SCINTIX therapeutic technology is another example of the potential for Gallium-68-based PSMA imaging technology to enhance the management and treatment of prostate cancer," explained Richard Valeix, Group Chief Commercial Officer of Telix. "Our goal is to expand the patient population that can benefit from SCINTIX therapy to patients with prostate cancer through bringing Illuccix to market as a new BioGuide for SCINTIX," said Thorsten Melcher, Ph.D., Chief Business Officer at RefleXion. "We are pleased to have two experienced partners at our side to jointly lead the SHL project to success."

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – In the first readout from a study testing Amgen's Lumakras (sotorasib) plus chemotherapy in the first-line setting, the combination showed activity in patients with treatment-naïve KRAS-mutant advanced non-small cell lung cancer, prompting the drugmaker to begin a larger trial. Based on the promising results from CodeBreaK 101, Amgen announced it will initiate the Phase III CodeBreaK 202 trial to compare Lumakras-carboplatin-pemetrexed against standard chemo plus Merck & Co., Inc's checkpoint inhibitor Keytruda (pembrolizumab) in a first line setting in a larger cohort of patients with KRAS G12C-mutant, Programmed death-ligand 1 (PD-L1)-negative advanced non-small cell lung cancer (NSCLC). Amgen said it will begin enrolling the CodeBreaK 202 trial before year-end. Among 20 evaluable patients who received the combination treatment in the first line setting in CodeBreaK 101, 65 percent responded, and the disease control rate, including responders and those with stable disease, was 100 percent. In the second-line setting, 54 percent of 13 patients responded, and the disease control rate was 85 percent. The researchers found that patients responded to the treatment regimen regardless of their PD-L1 expression score, supporting Amgen's decision to study the combination in PD-L1-negative patients in the larger study. At a median follow-up of three months, progression-free and overall survival data were immature. However, researchers observed durable responses in patients, said Jeffrey Clarke, an associate professor of medicine at Duke Cancer Institute.

Clarity Pharmaceuticals Ltd (Clarity)– Clarity announced favorable imaging data from the Phase II diagnostic investigator-initiated trial (IIT) of 64Cu SAR-Bombesin in prostate cancer, BOP. The BOP trial was led by Professor Louise Emmett at St Vincent's Hospital, Sydney and it assessed the safety and diagnostic performance of 64Cu SAR-Bombesin across two different groups of men; Participants with biochemical recurrence (BCR) of their prostate cancer who have negative PSMA positron emission tomography (PET) imaging scans or low PSMA expression disease; and participants with metastatic castrate resistant prostate cancer who are not suitable for PSMA therapy. Demographics showed that most participants in the BCR cohort of the BOP trial had undergone radical prostatectomy (96%), a surgery to remove the entire prostate gland and surrounding lymph nodes, with Prostate Specific Antigen (PSA) doubling time of 4.2 months (range 2.8 – 7.5; PSA mean 0.69 ng/ml, range 0.28 – 2.45) prior to entering the study. PSA is a blood test where high levels of PSA may indicate the presence of prostate cancer. Participants in the BOP trial received the mean dose of 210 MBq of 64Cu SAR-Bombesin and imaged with PET at 1, 3 and 24 hours post-administration of the product. No adverse events from 64Cu-SAR-Bombesin administration were reported. 64Cu SAR-Bombesin PET avid disease was identified in over 30% of patients with negative or equivocal standard of care PSMA PET (8/25, 32% detection rate).

POINT Biopharma Global Inc. (POINT)– POINT and Athebio AG (Athebio) a leader in the design of ankyrin repeat proteins (DARPins) announced a collaboration and license agreement to develop and commercialize DARPin-targeted radioligands (Radio-DARPins). DARPins are an attractive ligand class for cell-surface targets that could enable access to cell "surfaceome" targets beyond catalytic and ligand binding sites typically accessible to small molecules and peptides. DARPins combine the small molecule feature of rapid tumor penetration and clearance from the body, with the antibody-like ability of binding to a wider range of proteins and other cell surface targets. Their well-behaved and customizable formatting options, including stability at high concentrations and temperatures, are expected to facilitate rapid discovery, validation, and commercial scale manufacturing applicable to fast (212Pb) and slower (177Lu, 225Ac) decaying isotopes. The collaboration gives POINT exclusive access to Athebio's intellectual property and capabilities in DARPin development in the radioligand therapy field. Together, the parties will collaborate in discovery, candidate selection and preclinical development of Athebody® DARPins for use as Radio-DARPin drug entities. POINT will be solely responsible for the clinical development and commercialization of Radio-DARPins translated from the discovery collaboration.

Iovance Biotherapeutics, Inc. (Iovance) – Iovance is facing a delay in the U.S. Food and Drug Administration (FDA)'s review process. The new target action date for a decision under the Prescription Drug User Fee Act has been pushed back to February 24, 2024, from the previous date of November 25, 2023. The FDA has attributed this extension to resource constraints and has assured Iovance of their commitment to expedite the remaining review for a potentially earlier approval date. If lifileucel receives approval, it will be a groundbreaking development as the first and only Tumor infiltrating Lymphocyte therapy for patients with advanced melanoma and the first one-time cell therapy for solid tumor cancer. The therapy has been granted priority review by the FDA, underscoring the urgent need for new treatment options for patients who have progressed on or after standard of care therapies. The core attributes of the product remain unaffected, and the FDA is committed to completing the review process.

NUCLEAR ENERGY

BWX Technologies, Inc. (BWXT) – BWXT has been awarded a contract to evaluate microreactor deployment for the state of Wyoming. On September 12, the company announced that it has entered into a two-phase, two-year contract with the Wyoming Energy Authority to evaluate the potential deployment of small-scale nuclear reactors in Wyoming for reliable energy generation. BWXT will lead this project in collaboration with Wyoming authorities and organizations. In the first phase, BWXT will work with Wyoming industries to establish the nuclear energy requirements for trona mining operations and advance the design of their "BANR" microreactor system to align with Wyoming's future power needs. Additionally, the company will identify areas within Wyoming's supply chain capable of supporting reactor component manufacturing and deployment.

Assystem SA (Assystem) – Assystem announced the first half of 2023 results. In the first half of 2023, Assystem reported consolidated revenue of €282.5 million, marking a 16.9% increase compared to the same period in 2022. This growth can be further broken down as follows: a 13.9% increase in like-for-like growth, a positive 3.9% impact attributed to changes in the scope of consolidation (primarily due to the first-time inclusion of Relsafe, LogiKal, and Oreka), and a slight negative 0.9% effect from currency fluctuations. Specifically, within Assystem's Nuclear activities, revenue amounted to €198.1 million, compared to €171.7 million in the first half of 2022, representing a 15.4% year-on-year increase. Overall, in the first half of 2023, the consolidated earnings before interest, taxes, and amortization (EBITA) reached €15.7 million, slightly lower than the €16.4 million recorded in the first half of 2022. The EBITA margin for this period stood at 5.6%, as anticipated, in contrast to the 6.8% seen in the first half of 2022. This decline can be attributed to the effects of a recruitment campaign initiated at the end of 2022, aimed at supporting the Group's long-term business expansion objectives.

X-Energy, LLC (X-Energy) – Known for its advanced small modular nuclear reactors and clean energy technology, X-Energy has expanded its contract with the U.S. Department of Defense (DoD) as part of Project Pele. This project aims to develop an affordable, portable nuclear microreactor prototype for remote military sites. X-energy is set to receive US$17.49 million within its existing DoD contract to advance the prototype design. This microreactor could have potential applications in civilian industries. The DoD's Strategic Capabilities Office initiated Project Pele in 2019 to create a fourth-generation nuclear microreactor, with X-energy selected as one of two teams to deliver the final design by 2022. The expanded contract aims to provide the DoD with two microreactor designs for Project Pele and create a pathway for the commercial adoption of microreactor technology in various applications. X-energy's portable microreactor is designed to generate three to five megawatts of power cost-competitively compared to remote diesel sources. They plan to engage in pre-licensing discussions with the U.S. Nuclear Regulatory Commission to enable diverse deployment options for decarbonizing off-grid, remote, or small-scale grid resilience needs.

X-Energy along with Ares Acquisition Corporation, a publicly traded special purpose acquisition company, have provided updates on their previously announced business combination. Ares Management Corporation (Ares) has committed to a $50 million private investment in public equity (PIPE) investment in the combined entity, involving convertible preferred stock, while Kam Ghaffarian, X-energy's Founder and Executive Chairman, will contribute around $30 million to settle some of X-energy's outstanding debt and will also receive approximately $30 million worth of PIPE shares when the transaction is finalized. These investments are expected to be completed concurrently with the business combination, and when combined with Ares' initial $30 million investment in December 2022, Ares' total investment in X-energy will amount to $80 million.

ECONOMIC CONDITIONS

U.S. Consumer Price Index (CPI) jumped 0.6% in August in-line with forecasts and an acceleration from 0.2% in July. The "hot" August inflation report breaks a string of three consecutive months of easing inflation pressures in the United States. The big driver, as expected, was the 10.6% increase in gasoline prices last month that contributed over half of the overall increase in inflation. The whole energy complex was up 5.6% last month. The year-on-year inflation rate increased to 3.7% from 3.2% in July, the first increase since June 2022. The Federal Reserve is likely to downplay the spike in energy-driven inflation in August and keep its eye on a somewhat better-behaved core measure. Core prices increased a larger-than-expected 0.3% last month, though technically they were just a little bit on the hot side, coming in at 0.2785%. Consensus forecasts were looking for a somewhat tamer 0.2% increase. The 'supercore' measure of CPI inflation (services excluding energy and rents) also came in on the high side at 0.37%. Shelter inflation eased only a bit to a still uncomfortable 0.3%. Motor vehicle insurance jumped 2.4%, while prices for airline fares, auto repairs, personal care, new vehicles, and household furnishings also increased. From a year-on-year perspective, core CPI still moderated to 4.3% from 4.7% in July—spot on with analyst estimates. The still relatively moderate core inflation reading for August—the third month in a row—combined with the cooling labor market seen in the August Employment Report is likely sufficient for a rate-hike pause at the September Federal Open Market Committee meeting. But with the uncomfortable rise in headline inflation and continued rise in oil prices to near $90 per barrel, the Federal Reserve will likely want to still keep another rate hike on the table if the inflation moderation we have seen this summer doesn't continue in our view.

UK gross domestic product (GDP)surprised sharply to the downside in July, falling 0.5% month over month (market: -0.2%), on the back of a notable 0.5% month over month decline in services output (market: -0.1%) and a 0.8% month over month drop in manufacturing output (market: -0.8%). The main driver of the downside miss was a notable 3.4% month over month drop in the health sector, in part due to a larger than estimated impact of an uptick in industrial action. As we expected, strikes also spurred a decline in the education sector, which drove almost 0.1ppts of the overall decline in GDP. But the decline in services output was relatively broad based, with information and communication, administrative and support activities, and transportation and storage also falling sharply. Overall, the fact that strikes were such a key driver of today's data should mean that we will likely get a bit of a bounce back in the August report.

UK labour market data for the three months ending in July showed further signs of softening in the labour market, with the unemployment rate ticking up to 4.3%, in line with the consensus. Wage growth continued to surprise to the upside, with headline average weekly earnings coming in at 8.5% the average number of the last three months, as compared to the same period of the previous year (3m/y) (market: 8.2%), while ex-bonus wage growth matched the consensus at 7.8% 3m/y. The Monetary Policy Committee (MPC)'s favorite measure of wage growth, private sector regular pay, ticked down a smidge to 8.1% 3m/y. Overall, while the labour market is softening faster than the MPC had expected, the continued strong momentum in wage growth will continue to put pressure on the MPC to keep hiking at the September meeting. This data won't make the anticipated 25 basis points hike outcome a straightforward one in our view.

Australia jobs gains did rebound sharply to +64.9 thousand (cons:25 thousand, Jul: -14.6 thousand) after the disappointing July jobs last month. As the gains were led primarily by part-time workers (+62.1 thousand) vs full-time workers (+2.8 thousand), the durability of job gains going forward may be questionable in our view. However, looking at 3month/6month moving average and the trend adjusted measure, job gains have been holding steady since the start of the year which suggest the labour market is holding up well despite Reserve Bank of Australia rate hikes. Coupled with the jump in the participation rate to a record high of 67% and the high employment-to-population ratio, there doesn't seem to be a slowdown in hiring which could open the door to wage demands resurfacing again against a tight labour market (unemployment rate at 3.7%).

Swedish inflation data for August came in slightly weaker than expected, with headline consumer price Index with fixed interest rate (CPIF) inflation falling to 4.7% year over year (market: 4.9%, Sveriges Riksbank: 4.8%) and core inflation declining to 7.2% year over year (market: 7.4%, Sveriges Riksbank: 6.9%). Driving the decline in headline inflation was in part, as expected, another fall in electricity prices, but more surprising was a sharp 0.7% month over month decline in food prices—offsetting some of the strength in July.

FINANCIAL CONDITIONS

The European Central Bank announced to raise the key rates by 25 basis points (deposit facility to 4.00%; the refi rate to 4.50%; and the marginal lending facility to 4.75%). The decision was backed by a "solid majority" (source: President Lagarde). She pointed out that they did a lot of analysis with lots of data, but the discussion was not antagonistic. But "some would have preferred to pause". The updated Staff forecasts were, once again, noteworthy. The economic growth outlook was lowered, although 75% of the reduced forecast for 2024 (1.0% versus June's estimate of 1.5%) was due to, as President Lagarde said repeatedly, carryover from 2023. "We are currently in a phase of very sluggish growth" so the sluggish momentum ("the difficult times are now") spills over into next year. The inflation forecasts were again revised higher but that was due to energy. The core CPI was left unchanged for this year (remember: the Staff revised it sharply higher back in June) and was trimmed modestly for the two out-years. President Lagarde also repeated often: "Based on its current assessment, the Governing Council considers that the key European Central Bank interest rates have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target. The Governing Council's future decisions will ensure that the key European Central Bank interest rates will be set at sufficiently restrictive levels for as long as necessary." In short, the European Central Bank is signaling that is now finished in our view, even though President Lagarde declared that the Bank is not saying that rates are at the peak. Rates will stay at these levels (rate cuts were not discussed) until they get inflation back to the 2% target.

Australia's first female Governor of the Reserve Bank of Australia, Michelle Bullock, takes the reins today. She faces challenges over the rising cost of living and calls for an overhaul of the Reserve Bank of Australia's hierarchical culture. The Reserve Bank of Australia hiked from 0.1% to 4.0% over 14 months up until June. Bullock will now take over at the end of the hiking cycle. Bullock is not expected to make any major policy shifts and says the upcoming rate decisions will be data dependent.

The U.S. 2 year/10 year treasury spread is now -0.72% and the UK's 2 year/10 year treasury spread is -0.64%. 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 7.24%. Existing U.S. housing inventory is at 3.3 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 14.27 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: ***"The only place success comes before work is in the dictionary." ~Vince Lombardi***

We'll be skipping a week – back with our Newsletter on Monday 2nd October

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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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