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NEWS HIGHLIGHTS

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

DECEMBER 18, 2023

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Meta Platforms, Inc. (Meta)'s text-based social network, Threads, is finally available in the European Union (EU), nearly five months after its initial launch in July. Chief Executive Officer (CEO) Mark Zuckerberg announced the launch of Threads to more countries in Europe with a post on the platform. The Threads.net website has a "Use without a profile" mode which does not require users to log in through Instagram. While users can look at posts through that mode, they will not be able to reply to, like or repost them. For those who are using Threads in the EU without any profile, a single algorithmically populated feed will appear. Users will be able to search for accounts but not for posts. On Meta's third quarter (Q3) earnings call, Mr. Zuckerberg said that Threads has fewer than 100 million monthly active users but the launch in the EU will help the company cross that mark.

Reliance Industries Limited (Reliance) – Walt Disney Company (Disney). and Reliance are expected to sign a non-binding pact as early as Monday to merge their media operations in India in a cash-and-stock deal, according to people familiar with the matter. Reliance will infuse money to hold at least 51% of the merged entity if the deal goes through, the people said, asking not to be named as the information is not public. Disney will hold the rest, they added, in what will be one of the largest media players in India. The diligence and valuation exercises would start after the exclusivity agreement is signed next week and that will determine how much money Reliance will invest in the business, the people said. A Disney spokesperson declined to comment, while Reliance didn't respond to requests for comment. No final decision has been made on the deal and its terms, and either party can still call off the transaction. The multi-billion-dollar transaction is illustrative of Ambani's deep ambitions in the media and entertainment sector of India that's already lured global giants like Netflix Inc. and Amazon Prime. Reliance scooped up the streaming rights to the Indian Premier League for US$2.7 billion in 2022 and bagged a multi-year pact in April to broadcast Warner Bros Discovery Inc.'s Home Box Office shows in India. For Disney, it's a way to limit exposure in a fiercely competitive market where its subscriber numbers are sliding, while still keeping a foothold in India.

Reliance - Reliance and Adani Enterprises Limited (Adani). were among the 21 bidders for the Indian government's grants to domestically manufacture electrolyzers, part of Prime Minister Narendra Modi's efforts to spur the energy transition. The two companies, run by billionaires Mukesh Ambani and Gautam Adani, were among firms bidding for the production-linked grants, according to a list published by Solar Energy Corporation of India, or Seci, which conducted the process. Adani bid for a maximum 600 megawatts of electrolyzer capacity, half which is to be built with local technology, the list shows. Other bidders included Ohmium Operations Pvt., the John Cockerill-Greenko joint venture, Waaree Energies Ltd. and state-run Bharat Heavy Electricals Limited. Green hydrogen, produced by splitting water molecules with the help of electrolyzers using renewable power sources, is seen as key to decarbonizing heavy industries such as oil refineries, fertilizer plants, steel mills and shipping. By the end of the decade, India aims to have 5 million tons of annual output of green hydrogen. In a separate bid for incentives for domestic production of green hydrogen, companies including Reliance, Avaada Group, Torrent Power Ltd. and Sembcorp Industries Ltd. were among 14 bidders, Seci explained on Friday. Adani, which has made some of the biggest investment commitments for green hydrogen production in the country, stayed away from that bid. The government has approved a $2.4 billion plan for local production of green hydrogen and manufacturing of electrolyzers, the key hardware needed for its production. Bids for the first tranche of aid for both closed Thursday.

Samsung Electronics Co., Ltd. (Samsung) – ASMLHolding (ASML) and Samsung will jointly spend US$760 million to build a South Korean research facility that will develop cutting-edge semiconductor processing technology. The plant will use next-generation extreme ultraviolet equipment technology, available exclusively via ASML, that's used to produce high-end chips, ASML said in a statement on Tuesday. ASML and Samsung's deal follows a diplomatic exchange between Korea and the Netherlands. The new plant expands ASML's presence in Korea, where it already has four sites serving customers including Samsung. Geographic diversity is increasingly important with ASML and its unique technology at the center of a trade war between the U.S. and China. South Korean President Yoon Suk Yeol on Tuesday toured ASML's headquarters with Dutch King Willem-Alexander. Samsung Executive Chairman Jay Y. Lee and SK Group Chairman Chey Tae-won also joined the tour. The countries also announced plans to establish the "Korea-Netherlands Advanced Semiconductor Academy," which will allow Korean semiconductor-related students and workers to have education opportunities in the Netherlands. ASML, which is facing a severe labor shortage, depends on foreign talent to expand its business. ASML is the world's top maker of lithography systems, machines that perform a crucial step in the process of creating semiconductors. It is the world's only source of extreme ultraviolet lithography machines used by Taiwan Semiconductor Manufacturing Company Limited., Samsung and Intel Corporation for the most advanced fabrication.

Altice USA Inc. (Altice) - Saudi Telecommunication Company (Saudi Telecom) is among suitors that have been studying a potential acquisition of the Portuguese operations of Altice, according to people with knowledge of the matter, as the state-owned Middle Eastern carrier pushes to further expand in Europe. Other phone companies and some buyout funds have also been evaluating the business, which operates under the MEO brand, and could submit initial bids before Christmas, noted one of the people. Potential bidders could value the unit at around €7 billion ($7.5 billion) to €9.5 billion, explained the people. Middle Eastern telecom operators flush with cash have recently started stepping up their overseas investments, especially in Europe, where valuations for telecom assets have fallen in recent years. Saudi Telecom is seeking to build a multibillion-dollar holding in Spain's Telefónica, S.A. and agreed in April to buy a tower portfolio from United Group for $1.3 billion. Drahi told investors in September he was open to selling virtually all of his assets for the right price in an effort to reduce his $60 billion debt pile. He said he would prefer to sell stakes in Altice's European carriers to private equity investors rather than industrial or strategic partners. Deliberations are ongoing, and there's no certainty which potential buyers will proceed with formal offers. A representative for Altice declined to comment. A spokesperson for Saudi Telecom didn't reply to requests for comment.

Brookfield Corporation (Brookfiled) – Canada's Brookfield is reportedly working to sell renewable assets owned by its company Saeta Yield S.A. (Saeta), worth 1.5 billion euros (US$1.64 billion) including debt. The investment fund is working Santander and Societe Generale on the sale of the wind and photovoltaic plants located in Spain and Portugal. Saeta owns 28 wind farms and 10 photovoltaic parks. Spain and Portugal's abundant solar and wind resources have become a hotspot for both domestic and foreign firms eager to leverage the growing demand for renewable energy. This interest has sparked a surge in renewable energy deals in line with the broader global trend towards sustainable investments. Brookfield acquired and delisted Saeta, founded by Spanish construction company ACS, Actividades de Construcción y Servicios, S.A, in 2018 for 1 billion euros.

Danaher Corporation (Danaher) – Aldevron, a member of Danaher's family of companies, has entered into an agreement with Codexis Inc. (Codexis), an enzyme engineering company. In this agreement, Aldevron will acquire a global exclusive license to Codexis' Codex® HiCap RNA Polymerase. The deal grants Aldevron global manufacturing and commercialization rights for the mentioned polymerase, and Codexis will receive payments for near-term technical milestones, as well as commercial milestones and sales-based royalties. Both companies will collaborate to ensure a smooth transition for customers during the transitional period.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Bunzl plc (Bunzl): Operating profit guided to be slightly ahead with 'moderate' growth year over year (y/y), with stronger margins. Fiscal Year 2023 (FY) revenues guided -1/-2% y/y. The slightly weaker revenue guide implies a below expectation fourth quarter (4Q), in our view, with an underlying decline similar to the rate in third quarter (3Q) (i.e. c-4.5% to -5%). Within this, volumes appear to have improved sequentially versus 3Q - in line with easier US comparisons - but what was a slight net positive inflationary benefit in 3Q, turned into a net deflationary impact in 4Q, in our view. Nonetheless, with the outlook for margins higher, the overall guidance steer for FY23 profits is around +1% (versus company. consensus on £910 million). Into FY24, management guide to 'slightly positive organic growth'; a little ahead behind consensus of +1%. Margins are expected to be flat y/y. With net deflation now in the 4Q23 exit rate; management is naturally more cautious on FY24 earnings, but implicit in this guide is positive volume growth (2H skewed). And as ever, Bunzl will be working hard behind the scenes to hold margin, in our view. Management comments on net deflation in the mix are new, but have been a key topic of discussion in the market for some time given the trajectory of resin & pulp raw material prices. But, as in prior years (e.g. FY14-16 during oil & gas price declines) we'd expect only modest revenue compression from this and at a level the group can ultimately deal with at the profit line. And the implicit FY24 earnings profit guide is still for growth y/y, in our view.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – has announced that the U.S. Food and Drug Administration (FDA) accepted and gave Priority Review status to the Biologics License Application (BLA) for tarlatamab. Tarlatamab is an investigational delta-like ligand 3 (DLL3) targeting Bispecific T-cell Engager (BiTE®) therapy designed for adult patients with advanced small cell lung cancer (SCLC) that has progressed after platinum-based chemotherapy. Priority Review is granted to applications for medications that, if approved, offer significant improvements over existing options or may provide a treatment where no adequate therapy currently exists. The Prescription Drug User Fee Action (PDUFA) date for tarlatamab is set for June 12, 2024, based on the Priority Review designation.

Bridgebio Pharma, Inc. (Bridgebio) – announced that the first child has been dosed in PROPEL 3, a Phase 3 clinical trial studying the efficacy and safety of infigratinib in children with achondroplasia. Both the U.S. FDA and the European Medicines Agency - European Union (EU EMA) indicated the trial design for PROPEL 3 would be acceptable as a registrational study to support a marketing application for the treatment of children with achondroplasia. PROPEL 3 is a global, one-year, 2:1 randomized, double-blinded placebo-controlled clinical trial, which will evaluate the efficacy and safety of infigratinib in children with achondroplasia aged 3 to <18 years with open growth plates. The primary endpoint will be change from baseline in (annual height velocity) (AHV), with secondary endpoints including proportionality, height Z-score (a measure of variance and dispersion from the average height of children with achondroplasia), and impact on medical complications and quality of life. “The Phase 2 data for infigratinib has been very promising and suggests potential to increase growth, improve functionality and reduce the associated medical complications in children with achondroplasia. With the recent dosing of the first child in the Phase 3 trial, I am hopeful that we are one step closer to providing a safe, effective oral therapy to the people in the achondroplasia community who are seeking treatment,” said Dr. Ravi Savarirayan, M.D., Ph.D., clinical geneticist and leader of the molecular therapies research group at the Murdoch Children’s Research Institute in Melbourne, Australia and the global lead investigator for PROPEL 3.

ITM Isotope Technologies Munich SE (ITM) – obtained a worldwide exclusive license from Merck KGaA for the clinical development and commercialization of radiolabeled folate derivatives targeting folate-receptor-positive malignant tumors. Under the agreement, Merck will supply ITM with folate precursors for radiolabeling. ITM is developing ITM-52, a radiopharmaceutical candidate for phase I clinical testing, addressing limitations in screening and treatment. The financial terms of the agreement were not disclosed. The collaboration reflects advancements in precision medicine for cancer diagnosis and treatment.

Lantheus Holding, Inc. (Lantheus) and POINT Biopharma Global Inc. – have announced positive topline results from the pivotal Phase 3 SPLASH study. The study evaluated the efficacy and safety of 177Lu-PNT2002, a prostate-specific membrane antigen (PSMA)-targeted radioligand therapy (RLT), in patients with metastatic castration-resistant prostate cancer (mCRPC) after progression on an androgen receptor pathway inhibitor (ARPI). The SPLASH trial achieved its primary endpoint, demonstrating a statistically significant improvement in median radiographic progression-free survival (rPFS). Patients treated with 177Lu-PNT2002 had a median rPFS of 9.5 months compared to 6.0 months for patients treated with ARPI in the control arm, representing a 29% reduction in the risk of radiographic progression or death (hazard ratio [HR] 0.71; p=0.0088). Interim overall survival (OS) results were immature at the time of the analysis, with 46% of protocol-specified target OS events reached, and the HR was 1.11. The companies anticipate additional follow-up data in 2024 before potentially submitting a New Drug Application (NDA).

Perspective Therapeutics, Inc. (Perspective) – has announced its agreement to fully divest its brachytherapy business, including radioactive Cesium-131 seed assets and related infrastructure, to GT Medical Technologies, Inc.(GT Medical) The transaction, expected to close in (first Quarter) Q1 2024, involves the sale of Perspective’s commercial Cesium-131 brachytherapy division and related assets to GT Medical. The assets include customer and supplier lists, production line equipment, intellectual property, computer equipment, software, and the brachytherapy manufacturing facility lease. Perspective will retain most existing liabilities but will receive equity in GT Medical and cash royalties on Cesium-131 seed net sales and GammaTile therapy utilizing Cesium-131 for four years post-closing. The sale allows Perspective to focus on its lead-based targeted alpha-particle therapeutic space, specifically advancing melanoma (VMT01) and neuroendocrine tumor (VMT-αNET) clinical programs.

Schrödinger, Inc. (Schrödinger) – conducted a Pipeline Day on December 14 to provide a comprehensive overview of its proprietary drug discovery and development programs. The company shared clinical data on SGR-1505, its novel mucosa-associated lymphoid tissue lymphoma translocation protein 1 (MALT1) inhibitor, from a Phase 1 study involving 73 healthy volunteers. The data indicated that SGR-1505 was well-tolerated, with no drug-related serious adverse events or dose-limiting toxicities observed. The study demonstrated over 90% inhibition of Interlukin 2 (IL-2) secretion in activated T cells, confirming target engagement and meeting pharmacodynamic goals. The positive results support the ongoing Phase 1 study of SGR-1505 in patients with relapsed or refractory B-cell malignancies. Schrödinger highlighted the productivity of its therapeutics team, with two programs in the clinic, multiple programs in late discovery and preclinical development, and advancing collaborations in various therapeutic areas, including oncology, immunology, and neurology.

Telix Pharmaceuticals Limited (Telix) – informed that the ASX (Australian Securities Exchange) no longer requires the company to submit quarterly cash flow and activities reports under Listing Rules 4.7B and 4.7C due to its positive net operating cash flows over the past 12 months. Telix remains committed to updating shareholders regularly on its financial performance and key business activities. The company will continue to submit yearly preliminary final reports (Appendix 4E) and half-yearly reports (Appendix 4D) within two months of the end of the relevant reporting period. Telix’s next periodic report will be the preliminary final report and Annual Report for the period ending December 31, 2023. Additionally, the company plans to transition to providing annual guidance for its commercial and financial performance starting in the financial year commencing January 1, 2024.

NUCLEAR ENERGY

Constellation Energy Corporation – The company's Board of Directors approved an increase to the company's previously announced US$1 billion share repurchase program, authorizing the repurchase of up to an additional $1 billion of its outstanding common stock. The timing and quantity of these repurchases will be decided by management, taking into account market conditions, legal requirements, and other factors. The repurchases may occur through various methods, such as open market transactions or private negotiations, in accordance with specified rules. The company retains the discretion to limit, suspend, or discontinue the share repurchase program at any time without prior notice.

ECONOMIC CONDITIONS

Israel Foreign Minister dismiss appeals for a ceasefire with Hamas from France, UK and Germany who called for a sustainable truce. U.S. Naval forces reportedly shot down 14 drones in the Red Sea which are believed to come from a Houthi-controlled area of Yemen.

U.S. Retail Sales were up +0.3% for the month of November which reverses the -0.2% revised print last month. The control group sales number rallied +0.4% in November. Analysts have been quick to note that U.S. consumers are relatively better situated to handle the recent higher rates given the 30-year tenor of mortgages and locked in low rates.

U.S. Consumer Price Index (CPI) edged up 0.1% in November instead of remaining unchanged as per consensus. This followed a +0.0% print the prior month. Prices in the energy segment fell 2.3% in November as a 2.8% gain for utility gas services was more than offset by steep declines for gasoline (-6.0%) and fuel oil (-2.7%). The cost of food, meanwhile, advanced 0.2%. The core CPI, which excludes food and energy, rose a consensus-matching 0.3%. The cost of core goods fell for the sixth month in a row, retracing 0.3%. The used vehicles segment recorded its first increase in 6 months but the latter was erased by drops in the apparel (-1.3%), new vehicles (-0.1%) and alcoholic beverages (-0.1%) categories. The price of medical care commodities (+0.5%) and tobacco/smoking products (+1.1%) registered healthy progression. Prices for ex-energy services progressed 0.5%, supported by strong gains for shelter (+0.4%), medical care services (+0.6%) as well as motor vehicles insurance (+1.0%) and maintenance (+0.3%). Alternatively, airline fares decreased 0.4%. Year on year, headline inflation came in at 3.1%, down from 3.2% the prior month and in line with the median economist forecast. The 12-month core measure, meanwhile, stayed unchanged at a 26-month low of 4.0%. This was also in line with consensus expectations. Not a whole lot of inflation surprises in this report, but it does illustrate the task the Federal Reserve still has ahead of itself to bring services and housing inflation to heel. The drop in energy and commodity prices has been a huge relief over the last several months, but we need to see that moderation in prices seep further into core services and housing for the Fed to claim total victory in its inflation fight.

UK Gross Domestic Product (GDP) surprised to the downside in October, falling 0.3% month over month(m/m) (market: -0.1%). The data was weak across the board, with services production declining 0.2% m/m (market: 0.0%) and manufacturing production falling a substantial 1.1% m/m (market: 0.0%). On the services side, the main driver of the decline was a notable 1.7% drop in information and communication and a 2.8% m/m decline in legal activities. Slightly offsetting this was a 0.5% m/m increase in human health activities. On the other hand, the sharp decline in manufacturing was broad based—only two out of the 13 biggest components increased.

UK wage growth surprised to the downside in October, with core wage growth declining to 7.3% 3 market year (m/y) (market: 7.4%). The downside miss was even more pronounced for headline wage growth though, which dropped 0.8 percentage points to 7.2% 3m/y (market: 7.7%)—however, this miss was driven by bonus distortions. This is good news for the marginal propensity to consume (MPC)—wage growth is finally starting to move in the right direction, and momentum is coming off fast—the 3m-change in private sector regular pay dropped to its lowest rate since October-2021.

FINANCIAL CONDITIONS

Bank of Canada Macklem says that it is "too early" to consider rate cuts. He wants to see inflation "clearly" on a path to the 2% before considering cutting rates. Only then, policy makers "will be considering whether and when we can lower our policy rate". Mackem says that declines in price pressures will likely be "gradual" and that inflation is expected to be "getting close to the 2% target" by the end of next year. He sees "underlying inflation pressures are easing in much of the economy".

U.S. Federal Open Markets Committee voted to leave the target range for the federal funds rate **unchanged at 5.25% to 5.50%**. That's the third straight decision they've left unchanged. The Fed will continue to reduce its holdings of Treasuries and Mortgage-Backed Securities pursuant to its pre-existing program and subject to monthly caps for both Treasuries ($60 billion/month) and agency MBS ($35 billion/month). Once again, there were no dissenters in the policy decision. The statement notes that growth in economic activity appears to have "slowed" from the "strong pace in the third quarter". Additionally, they add that "inflation has eased over the past year" even though it "remains elevated." Unchanged was the characterization of the job market. Hiring has "moderated" and the unemployment rate has "remained low".

Both the Bank of England (BOE and European Central Bank (ECB) left rates unchanged in their respective announcements. The BOE meeting saw Megan Greene, Jonathan Haskel and Catherine Mann dissenting in a 6-3 vote and calling for a 25 basis points (bps)hike. BOE is looking for rates to be "sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term". On the ECB, the central bank cuts its inflation forecasts for 2024 to 2.7% from 3.2% and says they will continue to fully reinvest **Pandemic emergency purchase programme** (PEPP) bonds in 2024. There has been 70 bps of additional easing priced in by the markets since the last ECB meeting on Oct 26.

The U.S. 2 year/10-year treasury spread is now -0.50% and the U.K.'s 2 year/10-year treasury spread is -0.62%. 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 could be an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 6.82%. Existing U.S. housing inventory is at 3.6 months supply of existing houses as of October 31, 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 12.44 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"A man who has never gone to school may steal from a freight car; but if he has a university education, he may steal the whole railroad." ~ Theodore Roosevelt*

Happy Holidays to you and yours we'll be back with more news Monday 8th January

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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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