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NEWS HIGHLIGHTS

EST. 2007

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

FEBRUARY 12, 2024

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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) – India's federal cabinet Thursday approved a plan for selling airwaves in an auction to improve quality and coverage of networks in the world's second-biggest telecom market. The government will sell airwaves valued 963.2 billion rupees (US $11.6 billion) at reserve price, according to a statement from India's Ministry of Communications. A total 10,523.1-megahertz (MHZ) airwaves in eight bands, 800, 900, 1800, 2100, 2300, 2500, 3300 MHz and 26 gigahertz (GHz), will be up for sale. The government didn't give a firm timeline for the auction. The airwaves auction, which will include airwaves held by firms undergoing insolvency, will bolster government finances and help narrow budget deficit in the country. Additional airwaves will improve the quality of telecom services and widen the coverage for the consumers, Anurag Thakur, Minister for Information & Broadcasting, told reporters late Thursday. It will also help major Indian wireless carriers, Reliance Jio Infocomm Limited (Reliance Jio)., Bharti Airtel Limited and Vodafone Idea Limited., to boost services in the nation with more than a billion phone users. In the last auction held in 2022, the Indian government raked in $19 billion with Reliance Jio emerging the top buyer spending more than $11 billion on airwaves.

Samsung Electronics Co., Ltd. (Samsung) - Samsung. Executive Chairman Jay Y. Lee scored an important victory Monday after a Seoul court acquitted him of stock manipulation charges, allowing him to keep leading a conglomerate under threat from rivals old and new. The acquittal lifts a weight off the world's largest maker of memory chips and displays, which is struggling with a global downturn and a stiff challenge from Apple Inc. (Apple) in smartphones and SK Hynix Inc. in the nascent field of AI. The surprise decision finally removes the threat of jail time that's dogged one of Korea's most prominent businesspeople for years. A Seoul Central District Court judge delivered the verdict after about an hour's recitation of the ruling, focusing on whether Lee manipulated the 2015 merger of Samsung C&T Corporation. and Cheil Industries Inc. to gain influence and improper benefit. On Monday, the judge pointed out a litany of inadequacies in the case, including inadmissible evidence and a lack of proof about Lee's intentions or that Samsung and Lee misled shareholders. Bottom of Form Monday's case was related to the original charges, and centers on whether Lee and Samsung used illegal means to help him take control of the Samsung Group, which also encompasses shipbuilding, construction and finance. Lee has denied wrongdoing and in his final argument in November, he pleaded for a chance to lead South Korea's biggest company at a time of heightened geopolitical risks and technological disruption. The verdict is especially encouraging to a company working to find a way out of a global smartphone and memory chip slump that's engulfed the industry's largest players for well over a year.

Altice USA, Inc. (Altice) - KKR & Co. Inc. (KKR) and Macquarie Group Limited (Macquarie). are among suitors that have been shortlisted in the bidding for Altice French fiber company, people with knowledge of the matter said, as Drahi seeks to cut debt at his business. Pension fund Caisse de Depot et Placement du Quebec (CDPQ) and Global Infrastructure Partners (GIP) have also been pursuing a deal for XpFibre, which is an arm of Drahi's Altice France, according to the people. Drahi in September kicked off a sale process for various assets including Altice France, the group's biggest unit. He has been open to letting an investor take a minority stake in French phone carrier SFR, but potential buyers have been keener to invest in the fiber network unit, explained the people, asking not to be identified because the information is private. Altice France's bonds across different maturities jumped on Friday, with the €500 million senior unsecured note due in 2028 up 2.7 cents on the euro to 45 cents, the most since September. There's no certainty the deliberations will result in a deal, and other bidders could also emerge. Representatives for Altice, KKR, Macquarie, GIP and CDPQ declined to comment. Altice owns 50.01% of XpFibre, which is responsible for the construction, maintenance and commercialization of a network in France. The rest of the company is owned by a consortium majority-led by Ontario Municipal Employees' Retirement System (OMERS) Infrastructure that also includes Allianz Capital Partners and AXA IM Real Assets. The three investors acquired the minority stake for €1.7 billion in 2019, valuing the unit at €3.4 billion. Lenders to Altice have been scrutinizing efforts to reduce the debt load. The network of businesses includes Altice France and Altice International as well as the listed Altice USA. Altice International has operations in Portugal and the Dominican Republic, which are also for sale.

Ares Management Corporation (Ares) – reported its financial results for its fourth quarter and full year ended December 31, 2023. Generally accepted accounting principles (GAAP) net income attributable to Ares was US$174.0 million and $474.3 million, respectively, for the quarter and year ended December 31, 2023. On a basic basis, net income attributable to Ares per share of Class A and non-voting common stock was $0.88 and $2.44, respectively, for the quarter and year ended December 31, 2023. After-tax realized income was $400.4 million and $1,185.7 million, respectively, for the quarter and year ended December 31, 2023. Fee related earnings were $368.7 million and $1,163.7 million, respectively, for the quarter and year ended December 31, 2023. "In 2023, we generated significant year-over-year growth in many of our key financial metrics, continued our fundraising momentum, and accelerated our investment activity, resulting in a strong quarter to end the year," said Michael Arougheti, Chief Executive Officer (CEO) and President of Ares. "We raised $21 billion in the fourth quarter and more than $74 billion for the year, our second highest level ever, as we continue to expand our investment platform and generate compelling investment performance." "We ended the year with a record level of available capital of $111 billion, positioning us to invest opportunistically and drive continued strong growth in our key financial metrics," said Jarrod Phillips, Chief Financial Officer (CFO) of Ares. "We are experiencing growing contributions from the more recent investments we have made to expand our investment platform, and we are excited about their future growth in the coming years."

Brookfield Asset Management Limited (BAM) – announced financial results for the quarter ended December 31, 2023. Net income for publicly traded entity BAM totaled CA$95 million for the quarter. BAM's distributable earnings were $586 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 over the last twelve months. Strong fundraising and capital deployment drove fee-related earnings to $581 million for the quarter. Connor Teskey, President of BAM stated, "We had strong performance in our first year following our listing. We raised $93 billion of capital which, combined with the approximately $50 billion anticipated upon the closing of the American Equity Investment Life (AEL) insurance account, brings the total to $143 billion. With interest rates stabilizing and significant dry powder available, we expect a very active period of transaction activity in the coming year, with valuations for real assets responding accordingly." He continued, "Our capital raising success, combined with investments made into building out our platforms, positions us for strong earnings growth and continued robust fundraising in 2024. That momentum and our significant resources have enabled us to raise our quarterly dividend by 19% to $0.38 per share."

BAM announced that it has raised $10 billion in the first closing of the second Brookfield Global Transition Fund (BGTF II), inclusive of fund commitments and strategic capital from investor base. The Fund continues to see significant support from both existing and new investors, cementing Brookfield's position as the world's largest transition investor among private fund managers. BGTF II is co-headed by Mark Carney and Connor Teskey and focuses on investments to accelerate the global transition to a net zero economy while delivering strong risk-adjusted returns for investors. The Fund continues the predecessor fund strategy of investing in the expansion of clean energy, the acceleration of sustainable solutions and the transformation of companies operating in carbon-intensive sectors to more sustainable business models. The Fund's seed portfolio includes a UK onshore renewables developer and a solar development partnership in India, and the pipeline of further investment opportunities is robust. BAM is targeting a larger fundraise for BGTF II than its predecessor fund and continues to see a significant acceleration in transition opportunities globally. The Fund is the successor of the inaugural Brookfield Global Transition Fund (BGTF I) which closed on a record $15 billion, inclusive of fund commitments and strategic capital from investor base in June 2022, making it the largest such fund in the world. The capital in BGTF I is now substantially deployed or committed to a range of landmark investments across renewable power, business transformation, carbon capture and storage, renewable natural gas, and nuclear services opportunities. All investments are managed to science-based sector pathways for net zero and the total impact of BGTF I, measured in avoided emissions, is on track to exceed the combined annual emissions of New York City, London and Toronto.

Brookfield Corporation (Brookfield) – announced strong financial results for the year ended December 31, 2023. Distributable earnings (DE) before realizations increased by 17% and 12% per share compared to the prior periods, after adjusting for the special distribution of 25% of asset management business in December 2022. Each of Brookfield Corp's businesses delivered strong financial results during the year, amidst a challenging market backdrop. Net income was CA$5.1 billion for the year, and DE before realizations were $1.2 billion for the quarter and $4.2 billion for the year. Nick Goodman, President of Brookfield Corporation, said, "Our business had another excellent year in 2023 and we delivered strong financial results. Our asset management business saw very strong fundraising momentum, our insurance solutions business had a transformational year, and our operating businesses continued to demonstrate their resilience. These, combined with our access to multiple sources of capital, enabled us to execute a number of value acquisitions during the year." He added, "We repurchased over $600 million of shares in 2023 and expect to acquire at least a further $1 billion this year, adding value to all remaining shares. With significant growth levers embedded in the business, we are well positioned to continue to deliver strong financial results going forward and to achieve our targeted 15%+ per share returns for our shareholders over the long term."

Danaher Corporation (Danaher) – launched a strategic collaboration with Cincinnati Children's Hospital Medical Center, with the goal of improving patient safety by addressing a leading cause of failure in clinical trials. As part of the Danaher Beacons program, the multi-year collaboration aims to improve liver organoid technology as a drug toxicity screening solution for safeguarding patients, which could accelerate development of new therapies and potentially save billions of dollars in wasted research and development productivity each year. More than 20% of clinical trials fail due to drug-induced liver injury (DILI), leading to as much as US$3 billion annually in lost effort. Widely used in vitro models for toxicity testing that rely on immortalized cell lines or primary cells frequently fall short in accurately predicting human responses such as DILI. Emerging alternatives, such as liver organoids – complex multicellular models that have been shown to be highly predictive of human responses – can offer a more physiologically complex and personalized replication of human biology, proving valuable in predicting individual patient reactions to drugs and therapeutic interventions. William Blake, PhD, Chief Technology Officer, Human-Based research and development (R&D), Danaher, said: "Predictive, human-relevant drug safety testing is one of the most pressing needs to reduce clinical trial attrition. We are delighted to partner with Cincinnati Children's with the goal of developing more streamlined, scalable, and genetically diverse liver organoid technology that could help get better, safer therapeutics to more patients faster."

Nomad Foods Limited (Nomad Foods) – a leading frozen food company, announced that its Board of Directors has declared an initial quarterly cash dividend of US$0.15 per share on the company's issued and outstanding ordinary shares. The initial quarterly dividend will be payable on February 26, 2024 to shareholders of record as of the close of business on February 9, 2024. "The initiation of a quarterly dividend marks a notable milestone for Nomad Foods, further fortifying our commitment to provide consistent, compelling value to our shareholders," said Stéfan Descheemaeker, Nomad Foods' CEO. "This action is a testament to the quality and resilience of our business and our confidence in our ability to generate significant cash flows and sustainable, long-term growth." Noam Gottesman, Nomad Foods' Co-Chairman and Founder, commented, "We are pleased to announce the initiation of the quarterly dividend to enhance Nomad Foods' capital allocation strategy. Through the adoption of a quarterly dividend and our new $500 million share repurchase program, the Board continues to execute a balanced capital deployment strategy intended to maximize shareholder returns. Our business has consistently generated strong cash flows and we remain committed to maintaining financial flexibility to continue investing behind organic and inorganic growth."

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]   GO TO PORTLAND GLOBAL BALANCED FUND[1]

Coloplast A/S reported first quarter (Q1) earnings. Net sales came in at DKK 6,606m (million) (in line with company compiled consensus) with an organic growth of 8% vs consensus at 7.3%. Ostomy care was said to be held back in the U.S. by order phasing, but with continued strong underlying demand. Gross profit came in at DKK 4,504m (1% above consensus) implying a margin of 68.2% vs consensus at 67.5% and the first gross margin beat in a very long time, the gross margin saw a 100-basis point (bp) tailwind from Kerecis and 40 bp tailwind from the Italian pay-back reform. Adjusted earnings before interest, taxes (EBIT) came in at DKK 1,822m (3% above consensus) with a margin of 27.6% vs consensus at 26.8%, where cost-control was impressive with a modest 4% organic opex increase year over year (YoY) Net income of DKK 1,212m (2% below consensus). Kerecis came in at DKK 229m, growing 35%. Kerecis contributed with 10% EBITA margin. Solid free cash flow at DKK 1,521m, a clear step up versus DKK 212m Q1 last year. Company revised fiscal year (FY) 2023/24 guidance somewhat. Organic sales growth of 8% was confirmed and compared with company compiled consensus of 8%. Reported sales growth in DKK is expected to be 11% vs previously ~12% and compares with consensus of 11% and driven by 1% headwind from FX. Reported EBIT margin before special items is still expected to be 27-28%, compared with company compiled consensus of 27.6%. The consolidation of Kerecis and the phasing of orders in ostomy care in the U.S. suggest the year has more to give.

Compass Group plc (Compass), a global leader in food services, announced trading results for the first quarter ended 31 December 2023. The Group's organic revenue for the three months to 31 December 2023 increased by 11.7% with strong growth across all regions. Like for like volume was better than anticipated, with all other growth drivers in line with management expectations when they reported the full year results. Net acquisition expenditure in the first quarter was US$352m, of which most related to the completion of HOFMANNs in Germany. In January 2024, Compass agreed to acquire CH&CO in the UK for an initial enterprise value of c.$600 million, with annual revenues of c.$570m, and dispose of its small operations in China. On 30 January 2024, the Group issued a €750m sustainable bond, maturing in February 2031, the primary purpose of which is to refinance its existing €750m bond maturing in July 2024. As at 7 February 2024, the Group had completed approximately c.$100m of its share buyback programme of up to $500m as announced at the full year results in November 2023. 2024 guidance remains unchanged. Underlying operating profit growth is expected to be towards 13% delivered through high single-digit organic revenue growth and ongoing margin progression.

PepsiCo, Inc. reported fourth quarter 2023 (4Q23) Core earning per share (EPS) of $1.78 that compared to Consensus of $1.72, the beat stemmed from below-the-line, predominantly lower interest expense. Operating margins up +100 bps with the YoY expansion driven wholly by gross margins. International operating margins in aggregate +325 bps vs. our +110 bps, with better than anticipated expansion in all but Asia and Pacific. Organic sales growth +4.5% below expectations due to lighter volumes (-4%) that more than ofset beter price/mix (+9%). 2024 Guidance: Organic sales up at least +4% (from higher end of +4-6%) and Constant currency core EPS up at least +8% (from higher end of +High Single Digits range).

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – reported its financial results for the fourth quarter and full year of 2023. In the fourth quarter, total revenues surged by 20% to US$8.2 billion compared to the same period in 2022. This growth was primarily attributed to a 20% increase in product sales, fueled by a 23% rise in volume, partially offset by a 3% decrease in net selling price. Notably, nine of Amgen's brands achieved record sales during the quarter, with significant volume growth seen globally for key products such as Repatha®, EVENITY®, Prolia®, and BLINCYTO®. For the full year, total revenues climbed by 7% to $28.2 billion, primarily fueled by a 9% increase in product sales. This growth was driven by a 15% rise in volume, partially offset by a 3% decrease in net selling price, along with other factors such as changes in estimated sales deductions and negative impacts from foreign exchange fluctuations.

Arvinas Inc. – and Pfizer Inc. (Pfizer) have received Fast Track designation from the U.S. Food and Drug Administration (FDA) for their investigational drug, vepdegestrant (ARV-471), intended for monotherapy in treating adults with estrogen receptor (ER) positive/human growth epidermal growth factor 2 (HER2) negative (ER+/HER2-) locally advanced or metastatic breast cancer. Vepdegestrant is a novel oral PROteolysis Targeting Chimera (PROTAC®) ER degrader developed jointly by Arvinas and Pfizer. Fast Track designation aims to expedite the development and review of drugs for serious conditions with unmet medical needs, facilitating their availability to patients sooner. Vepdegestrant's monotherapy efficacy is under investigation in the Phase 3 VERITAC-2 clinical trial, which compares it with fulvestrant in patients with previously treated locally advanced or metastatic ER+/HER2- breast cancer.

BeiGene Ltd. – has received authorization from Health Canada for the use of BRUKINSA® (zanubrutinib) in combination with obinutuzumab. This approval is for the treatment of adult patients with relapsed or refractory grade 1, 2, or 3a follicular lymphoma (FL) who have undergone at least two prior systemic therapies. This authorization represents the fifth hematology indication for BRUKINSA in Canada. Previous approvals include the treatment of adult patients with Waldenström's macroglobulinemia (WM), mantle cell lymphoma (MCL), marginal zone lymphoma (MZL), and chronic lymphocytic leukemia (CLL).

Bridgebio Pharma, Inc. (Bridgebio) – announced a partnership wherein BridgeBio's affiliate, QED Therapeutics, grants Kyowa Kirin an exclusive license to develop and commercialize infigratinib for achondroplasia, hypochondroplasia and other skeletal dysplasias in Japan. In exchange, BridgeBio will receive an upfront payment of USD 100 million as well as royalties up to the high-twenties percent on sales of infigratinib in Japan, with the potential for additional milestone-based payments. Infigratinib is an oral small molecule designed to inhibit Fibroblast growth factor receptor 3 (FGFR3) and thus target FGFR3-driven skeletal dysplasias at their source, including achondroplasia and hypochondroplasia. "We are pleased to partner with Kyowa Kirin given their community-oriented core mission to bring smiles to faces by providing innovative medicines with life-changing value, which has seen success with their commercialization of Crysvita and other rare disease drugs. The BridgeBio vision is to help bring people access to novel treatments and trials, and so we are pleased that this collaboration will ensure the development of infigratinib for children living with achondroplasia, and eventually for other skeletal dysplasias in Japan," said Neil Kumar, Ph.D., BridgeBio's CEO and founder.

Telix Pharmaceuticals Limited (Telix) – has announced its acquisition of QSAM Biosciences, Inc.(QASAM) and its primary investigational drug Samarium-153-DOTMP tetraazazyclododecane tetramethylenephosphonic acid (153Sm-DOTMP). QSAM is a U.S.-based company specializing in therapeutic radiopharmaceuticals for primary and metastatic bone cancer. 153Sm-DOTMP is an innovative kit-based bone-seeking targeted radiopharmaceutical candidate utilizing an advanced chelating agent to administer a proprietary formulation of Samarium-153 radioisotope. This drug has significant potential applications, including pain management for bone metastases and therapy for osteosarcoma, including use in pediatric patients. These applications are closely aligned with Telix's current therapeutic focus areas, which include urologic oncology (prostate cancer), neuro-oncology (glioma), and musculoskeletal oncology (sarcoma).

NUCLEAR ENERGY

Assystem SA – released 2023 fourth quarter and full year revenue, demonstrating solid like-for-like growth quarter after quarter, driven by strong demand across all business segments and successful recruitment efforts aimed at meeting client needs. For the fourth quarter of 2023, Assystem reported consolidated revenue of €155.8 million, a notable 17.2% increase compared to the same period in 2022. Like-for-like growth accounted for 15.5%, with changes in the scope of consolidation contributing a positive 3.0%, and a currency effect offsetting growth by 1.3%. In the Nuclear segment, representing 70% of the 2023 consolidated revenue, revenue totaled €404.1 million for the full year, up 17.2% from 2022. The Energy Transition & Infrastructures (ET&I) segment, constituting 30% of 2023 consolidated revenue, saw revenue of €173.4 million for the year, a 16.7% increase from 2022. In the fourth quarter, ET&I revenue amounted to €45.3 million, reflecting an 8.8% increase year-on-year, driven by contracts for major infrastructure projects in Saudi Arabia.

Cameco Corporation (Cameco) – has released its full-year 2023 results, indicating significant improvements across key financial metrics and highlighting strategic positioning for increased tier-one production. The key financial highlights include revenue of CA$2.59 billion, marking a 39% increase from the previous fiscal year, profit margin of 14%, up from 4.8% in FY 2022, and EPS of CA$0.83, compared to CA$0.22 in FY 2022. Cameco emphasized disciplined financial management and growth strategies, aiming to capitalize on the advancing security of supply contracting cycle. Additionally, the company mentions improvements in the outlook for Westinghouse, indicating a positive trajectory for its operations.

Centrus Energy Corp. (Centrus) – reported its fourth quarter and full-year 2023 results, achieving operating income of US$52.4 million for the year ended December 31, 2023, compared to $59.7 million for the same period in 2022. This difference is attributed to a $21.3 million estimated loss in 2022 related to the company's cost-share contribution to the High-Assay Low-Enriched Uranium (HALEU) Operation Contract secured with the U.S. Department of Energy (DOE). The company began enrichment operations on October 11, 2023, and announced its first delivery of 20 kilograms of HALEU uranium hexafluoride (UF6) on November 7, 2023, completing Phase 1 of the HALEU Operation Contract under budget and ahead of schedule. However, supply chain challenges have led to difficulties for the DOE in securing necessary storage cylinders (5B Cylinders) for the entire production year. As a result, Centrus anticipates temporary delays in obtaining these cylinders, and it will no longer deliver the originally anticipated 900 kilograms of

HALEU UF6 for Phase 2 of the contract, which extends to November 2024. Revenue from the Low-Enriched Uranium (LEU) segment amounted to $269.0 million for the year ended December 31, 2023, representing a $33.4 million increase. This increase is attributed to a $12.0 million rise in SWU (separative working unit) revenue due to increased volume sold, partially offset by a decrease in average price, and a $21.4 million increase in uranium revenue due to higher volume and average price of uranium (UF6) sold.

Plug Power Inc. (Plug) – has resumed operations at its hydrogen plant in Charleston, Tennessee. The plant is now capable of adding approximately 10 tons per day (TPD) of liquid hydrogen supply to the U.S. market. Plug has also implemented design enhancements to improve the plant's overall efficiency. Liquid hydrogen from the Tennessee facility will be transported using Plug's cryogenic trailer fleet to the company's pedestal customers across North America. These customers are primarily located in the Midwest and along the East Coast. This additional liquid hydrogen supply complements Plug's existing supply chain, which serves customers in material handling operations, fuel cell electric vehicle fleets, and stationary power applications.

Plug has introduced innovative liquid hydrogen portable refuelers, marking a significant milestone in advancing hydrogen solutions for the green economy. The HL-450D-P is a pioneering hydrogen refueling station mounted on a portable platform, enabling rapid deployment to support fleet vehicle refueling at either 350 bar or 700 bar pressure levels.

ECONOMIC CONDITIONS

Canadian employment increased 37K (thousand) in January, above consensus expectations for a 15K increase. Meanwhile, the participation rate declined two ticks to 65.3%. As a result, the unemployment rate decreased 0.1 percentage points to 5.7%, two ticks below consensus expectations. The rise in employment is the result of an increase in part-time jobs (+49K) more than offsetting a decrease in full-time positions (-12K). Employment rose mainly in the public sector (+48K), while gains in the private sector were more limited (+7K). Self-employment, meanwhile, was down (-18K). January's variation in employment was positive in the services sector (+60K), while employment in goods (-23K) was down. On the goods side, decreases were observed in all industries. Declines, in order of magnitude, were registered in construction (-7K), manufacturing (-6K), agriculture (-6K), utilities (-3K) and forestry (-2K). On the services side, the largest increases were registered in trade (+31K), finance (+28K), education (+28K) and transportation/warehousing (+20K). These increases were partially offset by declines in accommodation/food services (-30K), professional/scientific services (-17K) and health care/social assistance (-13K). Regionally, there were job gains in Ontario (+24K) and Alberta (+10K), while employment was down in Québec (-8K) and British Columbia (-3K). Wage inflation was 5.3% on a year-over-year basis in January (down from 5.7% in December). However, the 37K gain therefore remains well below the 77K jobs that would have been needed to keep the employment rate at the same level. The sizable three-tenths drop in the participation rate over two months means that the unemployment rate probably understates the fragility of the labor market. There is a risk that the participation rate could reverse in the coming months as the pressure to find a job increases for some individuals over time. If the participation rate had not fallen over this period, the unemployment rate could be 4 ticks higher than it is now.

Chinese inflation surprised sharply to the downside in January, dropping to -0.8% year over year (y/y), its weakest reading since 2009 (market (mkt): -0.5%). Food prices were again an important contributor to the negative inflation figure, falling 5.9% y/y and marking their weakest reading since 1995, when data begins. Core inflation eased to +0.4% y/y. Base effects from the timing of Lunar New Year may have helped distort January's inflation figures, as it took place in January in 2023 and February this year. Producer price inflation rose marginally to -2.5% y/y, its 16th straight month in negative territory.

German Industrial Production fell 1.6% month over month (m/m) in December (market: -0.5%)—marking a tenth consecutive downside surprise. The sharp decline was largely driven by a broad-based 1.5% m/m decline in manufacturing output, but also by a surprising 3.4% m/m drop-in construction activity—extending the declines in October and November. Energy supply, on the other hand, registered a third consecutive large gain of 4.7% m/m.

FINANCIAL CONDITIONS

Reserve Bank of Australia: left its cash rate at 4.35%. The statement maintained its hawkish bias that a further rate hike could not be ruled out. There was no indication that a cut was discussed at this meeting. In justifying its stance, the Board pointed to persistent services inflation and a tight labour market. Forecasts in the Statement on Monetary Policy showed inflation falling slightly faster than before, falling into the target range in 2025. The Board published a forecast showing rates unchanged until mid-2024, with 50bps of cuts in the second half of this year.

The U.S. 2 year/10-year treasury spread is now -0.30% and the U.K.'s 2 year/10-year treasury spread is -0.48%. 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 6.42%. Existing U.S. housing inventory is at 3.2 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 13.58 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: ***"It is the mark of an educated mind to be able to entertain a thought without accepting it." ~ Aristotle***

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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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RISK TOLERANCE

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

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PIC24-010-E(02/24)