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NEWS HIGHLIGHTS

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

APRIL 1, 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

Brookfield Corporation (Brookfield) – A Los Angeles office building that Brookfield Asset Management Ltd. defaulted on is being sold for about 50% less than the outstanding debt on the tower. Consus Asset Management, a South Korea-based investment firm, agreed to purchase the tower at 777 S. Figueroa St. for about US$145 million, according to a person with direct knowledge of the deal who asked not to be identified citing private details. Brookfield had about $289 million of debt on the building when it notified investors of a default, according to a February 2023 filing. The transaction was reported earlier by Real Estate Alert. Brookfield ran into issues with the property and other Los Angeles buildings over the past year as borrowing costs surged. The company also defaulted on the Gas Company Tower, which had about $465 million in debt outstanding, and EY Plaza, with $305 million in debt. Office owners have been pummeled as higher borrowing costs weighed on valuations, with prices falling about 14% in the 12 months through February, according to real estate data provider Green Street. Landlords have also struggled with tenant demand given the rise in remote work since the start of the pandemic. (source Bloomberg)

Reliance Industries Limited (Reliance) - Indian buyers of Venezuelan oil including Reliance have halted purchases ahead of the expiry of a sanctions waiver in the middle of next month. Reliance has stopped new purchases from Venezuela to avoid any complications should Washington decide not to extend its concession beyond the April 18 deadline, said people with knowledge of the company's plans, who asked not to be named because the information is private. Other Indian refiners such as Indian Oil Corporation Limited and HPCL-Mittal Energy Limited have also paused their purchases for the same reason, said people familiar with their procurement. Indian refiners have ramped up imports of cheap Venezuelan oil since late last year due to a six-month sanctions' waiver, putting them into competition with Chinese buyers who kept buying the crude despite the restrictions. Reduced flows from the South American producer will add to supply pressures for India, as imports from Russia are also declining due to more scrutiny of the trade. India has received 10 million barrels of Venezuelan crude so far this year, with another 6 million barrels en route, the Kpler data show. Oil from Venezuela is among the cheapest for Indian refiners. The average landed cost was US$60.60 a barrel in January, according to government data, versus $78.80 for Russian oil. The US can choose to reimpose sanctions next month if it deems Venezuela has broken an accord to hold free and fair elections. President Nicolás Maduro is set to run for a third consecutive term this July, and he is all but assured victory after disqualifying his main rival. The return of US sanctions may include a wind-down period for traders and shipping companies to wrap up their dealings without being penalized.

Samsung Electronics Co., Ltd. (Samsung) – Artificial Intelligence (AI) chip tech provider Eliyan Corporation (Eliyan) raised US$60 million in a Series B funding round co-led by Samsung and Tiger Global Management. The company, whose technology helps multiple semiconductors work more smoothly and faster as one, also got backing from memory maker SK Hynix Inc. (SK Hynix), it said in a statement Monday. SK Hynix and Samsung produce high-bandwidth memory tailored for artificial intelligence accelerators which benefits directly from increasing interconnect speeds. Eliyan was founded in 2021 and resides in Silicon Valley's chip design cluster of Santa Clara, where Nvidia Corporation, Advanced Micro Devices, Inc. and Intel Corporation (Intel) all have their headquarters. Its product is a type of technology called PHY, short for physical layer, and the company claims it can boost data transfer speeds by four times and cut energy consumption in half compared to existing solutions today. The company has two strategies: one is licensing its technology for chipmakers to integrate into their products and the other is to custom-design so-called chiplets for customers to help boost data transfer speeds. In the long run, Eliyan plans to make those chiplets to sell widely. Intel and Micron Technology Inc. participated in Eliyan's first funding round, and the company said some existing investors joined new backers including Cleveland Avenue and Mesh Ventures. The funds will be used for product development and sales and marketing as the company scales up the business.

Samsung - Samsung surpassed Apple Inc. (Apple) in global smartphone sales in February thanks to strong demand for its latest Galaxy S24 series. According to Hana Securities Co. Ltd. on Sunday, Samsung smartphone sales stood at 19.69 million units, accounting for 20 percent of the market while Apple sold 17.41 million units (18 percent). In January, Apple was the top seller with 20.42 million units with a 20 percent market share, while Samsung came in next with 17.44 million units (18 percent). According to IDC, Apple held the top spot in global smartphone market share last year with 20.1 percent, while Samsung Electronics, which led in 2022 with 21.7 percent, fell to 19.4 percent, marking its first dethronement in 13 years. Samsung's resurgence is largely credited to its latest release, the Galaxy S24 Ultra, acclaimed for having the best smartphone camera by U.S. Consumer Reports magazine, scoring 87 points compared to iPhone 15 Pro Max's 86. Alongside, the Galaxy S24+ secured third place with 85 points. Meanwhile, Samsung Electronics' all-in-one washer-dryer is receiving positive response in the U.S. for its low energy consumption.

Carnival Corporation & plc (Carnival) – announced financial results for the first quarter 2024 and provided an outlook for the full year and second quarter 2024. Record first quarter revenues of US$5.4 billion with record net yields and record net per diems both significantly exceeding 2023 levels. The company improved its first quarter bottom line by nearly $500 million compared to 2023 and adjusted net loss was better than December guidance, with continued strength in demand driving ticket prices higher. During the first quarter, booking volumes hit an all-time high with prices considerably higher year over year. Following a successful wave season (peak booking period), the company raised its full year 2024 net yield guidance by over a point to approximately 9.5 percent compared to 2023 based on continued strength in demand and also improved its adjusted cruise costs excluding fuel guidance by $35 million as compared to its December guidance. Total customer deposits reached a first quarter record of $7.0 billion, surpassing the previous first quarter record by $1.3 billion. The company redeemed its remaining second lien debt (9.875% second priority secured notes), upsized its forward starting revolving facility by $400 million and extended its availability by two years. The company ordered its first newbuilds in five years, the tenth and eleventh in its highly successful excel-class, scheduled to be delivered to Carnival Cruise Line in 2027 and 2028. "With much of this year on the books, we have even greater conviction in delivering record revenues and EBITDA, along with a step change improvement in operating performance, and have begun turning more of our attention to delivering an even stronger 2025," commented Carnival's Chief Executive Officer Josh Weinstein.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

BeiGene, Ltd. (Beigene) – has entered into a clinical trial collaboration and supply agreement with GenFleet Therapeutics, a clinical-stage biotechnology company focusing on cutting-edge therapies in oncology and immunology. The collaboration aims to commence a combination study of GFH009 (a CDK9 inhibitor) and BRUKINSA® (zanubrutinib, a BTK inhibitor) in a multicenter phase Ib/II trial treating diffuse large B cell lymphoma (DLBCL). The first patient has been dosed in the trial, which is being led by prominent institutions such as Henan Cancer Hospital and Fudan University Shanghai Cancer Center.

Clarity Pharmaceuticals (Clarity) – announced a fully underwritten US$121 million equity raising comprising a pro-rata accelerated non-renounceable entitlement offer and placement to institutional investors. The fully underwritten $121 million equity raising consists of a $101 million placement to institutional investors and a $20 million pro rata accelerated non-renounceable entitlement offer to existing eligible shareholders in Australia and New Zealand. The company said the proceeds will advance its clinical portfolio and strengthen the balance sheet. Post completion of the offer, it will have a proforma cash balance of A$153.2 million. Clarity said it expects to be funded for its current clinical program through early 2026.

Perspective Therapeutics Inc. (Perspective Therapeutics) – announced financial performance for the fiscal year 2023 was marked by an increase in grant revenue to US$1.4 million, a positive development from the previous year where no grant revenue was recorded. However, this was overshadowed by a substantial increase in research and development (R&D) expenses, which surged to $21.3 million from just $0.9 million in the prior year. This investment in R&D is crucial for the advancement of the company's clinical programs but has led to a significant net loss of $46.5 million, or $(0.17) per share, compared to a net loss of $10.8 million, or $(0.08) per share in fiscal year 2022. The increased net loss includes $40.1 million from continuing operations and $9.1 million from discontinued operations, partially offset by a deferred income tax benefit of $2.7 million. The company's cash position has also decreased, ending the year with $9.2 million in cash and cash equivalents, down from $21.0 million at the end of the previous fiscal year. However, Perspective Therapeutics raised significant funds through private placements and public offerings in the first quarter of 2024, which the company believe will sustain operations into 2026.

NUCLEAR ENERGY

Silex Systems Limited (SILEX) – announced that the US Nuclear Regulatory Commission (NRC) has completed inspection of Global Laser Enrichment LLC's (GLE) Test Loop pilot demonstration facility and operational safety programs in Wilmington, North Carolina. The approval granted by the NRC allows GLE to load Uranium Hexafluoride (UF6) feed material, a significant step toward commencing Technology Readiness Level (TRL)-6 enrichment testing. GLE holds the exclusive license for the third-generation laser-based SILEX uranium enrichment technology, originally invented and developed in Sydney, Australia.

ECONOMIC CONDITIONS

Canada's real gross domestic product (GDP) increased by 0.6% in January following a 0.1% contraction the prior month. This was two ticks above consensus expectations calling for a 0.4% gain. Production in service-producing industries largely carried the monthly rise, surging +0.7%, while output on the goods side inched up 0.2%. On the services side, there were gains in all industries, led by education (+6.0%), information/cultural industries (+1.0%), arts/entertainment/recreation (+1.0%) and health care/social assistance (+0.8%). On the goods side, improvements in utilities (+3.2%), manufacturing (+0.9%) and agriculture (+0.5%) more than offset losses in in mining/quarrying/oil & gas extraction (-1.9%) and in construction (-0.5%). Overall, 18 of the 20 sectors followed recorded an increase in the month. Industrial production rose 0.5% in the month. Finally, Statistics Canada's preliminary estimate showed that GDP was up 0.4% in February.

It is important to note that a number of temporary factors of weakness reversed in January, notably the end of the public sector strikes in Quebec, which led to 1.9% growth in the educational services, health care and social assistance and public administration sectors taken together. Excluding these, growth stood at 0.3% with widespread gains across industries, following an increase of just 0.1% in December.

The strong increase in GDP in January as well as preliminary data for February could lead some to believe that the worst is behind us. But we'd be cautious. We have learned in the past to treat preliminary data as such, which may be subject to major revisions. Also, there is no evidence that this surge is sustainable as monetary policy remains restrictive and becomes increasingly so in real terms as inflation falls. Past rate hikes have not yet had their full effect on the economy, as witnessed by the ongoing interest payment shock on mortgage holders, which continues to weaken consumers. Meanwhile, the Bank of Canada, which was anticipating growth of 0.5% annualized growth in (first quarter (Q1), is surprised by the 3.2% increase observed two months into the quarter. Against this backdrop, we believe that a rate cut will not come before the summer.

U.S. personal consumption expenditures (PCE) inflation moderated in February to 0.3% month over month (m/m), coming in somewhat below the consensus forecast of 0.4%, and down from an upwardly revised 0.4% increase in January. Even so, inflation is still not as tame as the Federal Reserve (the Fed) would like to trigger an imminent rate cut decision. The three-month annual rate on core inflation is running at an elevated 3.5%, up from 2.9% over the last six months, while the supercore metric, services excluding energy and housing, is even higher at 4.5% over the last three months compared to 3.8% over the last six months. Headline inflation from a year ago ticked up to 2.5%, in-line with prior expectations. Driving the price increases last month, energy and goods increased 2.3% and 0.5%, respectively, while services and food moderated to 0.3% and 0.1%. Core inflation, excluding food and energy, slowed in-line with consensus forecast to 0.3% m/m from an upwardly revised 0.5% increase the prior month. From a year ago, core inflation slowed to 2.8% from 2.9%, also in-line with the consensus forecast prior to the release.

U.S. Durable goods orders rose 1.4% in February, a significant improvement from the downwardly revised 6.9% plunge in January. The rebound was led by a 3.3% upturn in volatile transportation orders following a sharp drop of 18.3% the prior month. There were also solid increases in orders for machinery (+1.9%), primary metals (+1.4%) and fabricated metal products (+0.8%). Orders for electrical equipment dropped 1.5%, limiting the overall increase. The strong monthly gain improved the year-on-year growth rate to 2.6% from -1.5% in January. Durable goods orders ex transportation climbed a more modest 0.5% and are 1.3% higher than a year ago. Nondefense capital goods shipments including aircraft, a proxy for investment spending in the GDP report, rose 2.7%, erasing part of the prior month's decline. In our view the rebound in the interest-rate sensitive manufacturing sector is likely to remain uneven until the Fed starts easing policy this summer.

China March Purchasing Managers' Index (PMI)s exceeded expectations reflecting the unwinding of the seasonal distortion from the Lunar New Year. The manufacturing PMI accelerated to 50.8 (consensus (cons): 50.1, Feb: 49.1), the highest reading since March 2023 and returning back into expansionary territory (>50) after 5 months. The new orders sub-component jumped to 53.0 (February: 49) as well as the rebound in output drove the acceleration in March. Small and medium enterprises were also more optimistic, with their respective sub-indices PMI back in expansion which reinforces the better Caixin manufacturing PMI in March. Manufacturers are likely more optimistic now as authorities drum up support for President Xi's industrial modernization plan which was also reflected in the stronger industrial production momentum and exports. Non-manufacturing PMI also surged to 53.0 (cons:51.5, Feb: 51.4), driven by a sharp increase in construction PMI at 56.2 (February: 53.5) and better services PMI reading at 52.4 (February: 51). The gain in construction wasn't surprising as workers return from the holidays though the stronger services read should bolster sentiment that consumers' sentiment may have marked a bottom. The strong beat in March PMIs may reinforce the narrative that acceleration in China's growth and stabilization in Europe should pose headwinds to the USD as the US exceptionalism story wanes.

Australia February consumer price index (CPI) inflation printed at 3.4% year over year (y/y) (cons:3.5%, Jan: 3.4%), holding around this level for 3 straight months. Higher rents and new housing prices continue to add pressure on inflation though some relief came from lower food inflation. The inflation picture still reflects stickier service prices at work, with non-tradeable inflation edging higher to 4.8% y/y (Jan: 4.7%). Measured on a 3m/6m annualised basis, headline inflation stayed above the Reserve Bank of Australia (RBA) 2-3% inflation range at 3.28% and 3.12% respectively. In our view the bigger picture still hangs around a very resilient labour market which may keep services inflation risks entrenched. We expect the RBA to echo a high-for-longer message and expect them to only cut during the fourth quarter of the year.

FINANCIAL CONDITIONS

US Federal Reserve Governor Christopher Waller said, "There is no rush to cut the policy rate". Recent data "tells me that it is prudent to hold this rate at its current restrictive stance perhaps for longer than previously thought to help keep inflation on a sustainable trajectory toward 2%". Rate cuts are not off the table, he said, noting that further progress expected in lowering inflation "will make it appropriate" for the Fed "to begin reducing the target range for the federal funds rate this year.

The U.S. 2 year/10 year treasury spread is now -0.39% and the U.K.'s 2 year/10 year treasury spread is -0.24%. 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 2.9 months supply of existing houses as of December 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 VIX (volatility index) is 13.74 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Facts are stubborn things...." ~ Mark Twain*

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1.Not all of the funds shown are necessarily invested in the companies listed

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