NEWS HIGHLIGHTS

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

MAY 21, 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 Ltd. (RIL) – RIL has announced that its REC Solar Holdings AS unit has completed the sale of its kerf-based polysilicon manufacturing division, REC Solar Norway AS (REC Norway), to Elkem ASA, an Oslo-listed, silicon-based material supplier. The announcement follows RIL's disclosure in January about the signing of a share purchase agreement between REC Solar Holdings and Elkem ASA. Under the terms of the deal, REC Solar Holdings agreed to sell its 100% equity stake in REC Norway for an aggregate cash consideration of US$22 million. Notably, REC Norway closed its polysilicon production operations in Kristiansand and Porsgrunn, Norway, in November 2023. "We have reached the point where it is unfortunately not possible to make the production of high-purity silicon in Norway viable," REC CEO Jan Enno Bicker said at that time. RIL will retain the technology and intellectual property rights of kerf-based polysilicon following the completion of the REC Solar Norway sale. REC Solar Holdings AS and its subsidiaries remain RIL's subsidiaries.

Samsung Electronics Co., Ltd. (Samsung) - Samsung is replacing the head of its semiconductor arm, appointing a longtime memory chip veteran to spearhead efforts to catch up with SK Hynix Inc. (SK Hynix) in the booming artificial intelligence arena. Korea's largest company named Jun Young Hyun the new leader of its most important business line. He replaces Kyung Kye-hyun, who will head up Samsung's Advanced Institute of Technology and the future business team. Jun joined the division in 2000 and helped the company develop its basic dynamic random-access memory and flash memory chips for smartphones and servers. The appointment comes after Kyung offered to step down from his post, according to a person familiar with the matter, who asked not to be named discussing private information. Samsung has fallen behind SK Hynix in high-bandwidth memory or HBM chips, which have seen explosive growth because they are used for training artificial intelligence models like ChatGPT. SK Hynix is the biggest supplier of memory used to develop ChatGPT-like services around the world. Its production capacity for such chips is almost fully booked through next year. It plans to spend about US$14.6 billion building a new complex in South Korea to meet demand for HBM chips, which work alongside Nvidia Corp. accelerators in creating and hosting artificial intelligence platforms. It's also erecting a $4 billion packaging facility in Indiana, its first in the U.S. Samsung, which also makes logic chips and operates a foundry business, has also embarked on a global expansion that encompasses a $40 billion investment in U.S. chipmaking.

Altice USA Inc. (Altice) - Debt tied to Altice fell on Wednesday after the company spooked investors with disclosures saying that it freed certain units from debt covenants, according to people with knowledge of the matter. Altice France's euro-denominated term loans due August 2028 dropped 2 cents on the euro and are indicated at about 72 cents, according to Stonex data. The company's bonds due October 2029 also fell around 1 cent to 65.6 cents, according to data compiled by Bloomberg. Altice International's bonds due January 2028 slumped 2.5 cents to about 59.9 cents. The company posted filings in an investor portal saying it had designated a series of subsidiaries as "unrestricted," said the people, who asked not to be identified because the disclosures were private. Those moves are often the first step to raising new money in deals that hurt creditors by weakening their claims on collateral, or selling assets without giving the proceeds to creditors. Traders and investors were left scrambling to figure out what assets, if any, were held by the new unrestricted units, the people added. The subsidiaries include AlticeXPM, Altice Participations and Altice Luxco III S.a.r.l., the people said. A representative for Altice declined to comment.

Berkshire Hathaway Inc. (Berkshire) – revealed a new US$7 billion stake in fellow insurer Chubb Ltd. (Chubb). Berkshire disclosed the investment it has been building over the past nine months in a quarterly filing with the Securities and Exchange Commission (SEC). Buffett's conglomerate had received permission to keep the Chubb investment confidential while it was still buying. Berkshire said it held nearly 26 million Chubb shares at the end of March, giving it a 6.4% stake in the company. Chubb shares jumped more than 7% in after-hours trading to sell for $271.82 after Berkshire's investment was revealed. Many investors follow Berkshire's portfolio closely because of Buffett's remarkably successful track record over the decades, and some will certainly speculate that Berkshire could one day buy all of Chubb. Berkshire owns many other companies — including BNSF railroad, a number of utilities and an assortment of manufacturing and retail companies — but insurers, like Geico and General Reinsurance, have always been at the core of the Omaha, Nebraska-based conglomerate. So it makes sense that another insurer like Zurich-based Chubb might appeal to Buffett.

D.R. Horton Inc.– announced the sudden passing of Donald R. Horton, the company's Founder and Chairman of the Board of Directors. David V. Auld, the Company's Executive Vice Chairman, has been appointed by the Board to serve as Executive Chairman, effective immediately. "It is with great sadness that I announce the passing of my friend and our Company's iconic founder and Chairman, Don Horton," Auld said. "Throughout the Company's 46-year existence, he worked tirelessly to build a national homebuilding operation with a strong company culture, and the impact of his personal involvement with our team of operators across the United States has contributed immeasurable value to our company and people."

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Walmart Inc. (Walmart): raised its fiscal 2025 sales and profit forecast, betting on easing inflation to further boost demand for essentials and bring a rebound in sales of discretionary products like electronics. The retail bellwether now expects annual consolidated net sales to rise at the high end or slightly above its prior forecast of 3% to 4% growth. It also expects adjusted profit per share to be at the high end or slightly above its prior estimate of $2.23 and $2.37, it said. Total U.S. comparable sales rose 3.9%, excluding fuel, in the first quarter ended April 30, helped by a similar rise in the number of average transactions. Volume sales also grew in the quarter, Walmart said.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – the Food and Drug Administration (FDA) has signed off on Imdelltra (tarlatamab) to treat patients with extensive-stage small-cell lung cancer (ES-SCLC). The breakthrough therapy is endorsed for patients whose disease has worsened after or throughout treatment with platinum-based chemotherapy. The accelerated approval—which was delivered nearly a month before the agency's June 12 target decision date—is contingent upon verification of clinical benefit in a confirmatory trial. Imdelltra activates a patient's T cells to attack Delta-like ligand 3 (DLL3)-expressing tumors. While SCLC cases comprise just 15% of lung cancers, they're typically deadlier and more aggressive than non-small cell lung cancer. The bispecific T-cell engager (BiTE) molecule made waves in October at the European Society of Medical Oncology (ESMO) Congress. At the event, Amgen showed that a 10 milligram infusion, given every two weeks, reduced tumors in 40% of SCLC patients who had failed on two previous lines of treatment.

Arvinas Inc. (Arvinas) – and Pfizer Inc. (Pfizer) today announced updated clinical data from a Phase 1b combination cohort evaluating vepdegestrant, an investigational oral PROteolysis TArgeting Chimera (PROTAC) estrogen receptor (ER) degrader, in combination with palbociclib (IBRANCE). After six months of additional follow-up, these data are consistent with data presented at the San Antonio Breast Cancer Symposium (SABCS) in December 2023, and show that vepdegestrant plus palbociclib continue to demonstrate encouraging clinical activity in heavily pre-treated patients with a median of four lines of prior therapy with locally advanced or metastatic ER positive (ER+)/human epidermal growth factor 2 (HER2) negative (ER+/HER2-) breast cancer. Vepdegestrant is an investigational PROTAC ER degrader designed to harness the body's natural protein disposal system to specifically target and degrade the estrogen receptor. Vepdegestrant is being co-developed by Arvinas and Pfizer and is being evaluated as a monotherapy in the second-line setting in the ongoing Phase 3 VERITAC-2 trial and in the first-line setting in combination with palbociclib in the ongoing study lead-in cohort of the Phase 3 VERITAC-3 trial. "We're encouraged by the clinical activity and safety profile observed with vepdegestrant in combination with palbociclib in patients being treated for advanced ER+/HER2- breast cancer," said Noah Berkowitz, M.D., Ph.D., Chief Medical Officer at Arvinas. "The median progression-free survival and duration of response data suggest a promising therapeutic benefit for these patients regardless of ESR1 mutation status."

Fate Therapeutics Inc. (Fate) – announced financial results of the first quarter. The addition of net proceeds from the company's US$80 million underwritten offering of common stock, and $20 million concurrent private placement of prefunded warrants in March let to a cash, cash equivalents and investments position at the end of the first quarter of approximately $391 million. In the first quarter, reported revenue of $1.9 million was consistent with the prior two quarters and reflects the research funding associated with the development of a second product candidate against an undisclosed target in solid tumors under collaboration with Ono Pharmaceutical Co., Ltd. Research and development (R&D) expenses for the first quarter were $32.1 million, essentially flat versus the fourth quarter of last year. Expenditures in R&D were driven primarily by salaries and benefits, including share-based compensation and from clinical trial costs and demand for R&D materials. General and administrative expenses (G&A expenses) for the first quarter increased sequentially by 16% to $20.9 million. The increase in G&A expenses was attributable primarily to increases in legal related fees. Total operating expenses for the first quarter increased by 7% relative to the fourth quarter of 2023 to $53 million, which included $11 million in noncash share-based compensation expense. Note that in connection with the development of the off-the-shelf iPSC-derived CAR T-cell product candidate, FT819, Fate previously achieved the clinical milestone set forth in its amended license agreement with Memorial Sloan Kettering (MSK) Cancer Center, which triggered a first milestone payment to MSK in 2021. The net loss for the quarter was $48 million or $0.47 per share. Finally, this year's planned investments, along with GAAP operating expenses, which includes noncash items such as stock compensation expense and depreciation for the full year, are expected to be between $215 million and $230 million, and Fate will likely end the year with more than $270 million in cash and cash equivalents and investments.

Guardant Health Inc. – released financial results for the quarter ended March 31, 2024. Total revenue grew 31% to US$168.5 million driven by very strong precision oncology testing revenue, which includes 38% to $156.2 million due to significant growth in both clinical and biopharma revenue. Precision oncology revenue from clinical tests increased 37% to $125.7 million. First quarter clinical test volume grew 20% to 46,900 tests, in line with expectations. For Guardant360, with saw solid year-over-year volume growth across all cancers in the U.S., as well as volume contribution from Japan and the UK. Precision oncology revenue from biopharma tests in the first quarter totaled $30.5 million, up 40%. Biopharma test volume was particularly strong totaling 8,450 tests, up 37%. Development services and other revenue was in line with our expectations and totaled $12.3 million. Non-GAAP operating expenses was $176.5 million, a reduction of $11.8 million compared to the prior quarter. This decrease was primarily driven by lower clinical studies costs following the completion of Eclipse enrolment in third quarter last year. With increased revenue, improved gross margins and lower operating expenses, adjusted EBITDA improved significantly from a loss of $101.0 million in the first quarter of 2023 to a loss of $61.1 million in the first quarter of 2024. Free cash flow for the first quarter of 2024 was negative $37 million, which significantly improved year-over-year compared to negative $82 million in the first quarter of 2023.

Lantheus Holdings Inc. (Lantheus) – announced Jeffrey S. Humphrey, MD has been appointed Chief Medical Officer (CMO) and Jean-Claude Provost, MD has been named Chief Science Officer (CSO), effective May 28, 2024. Dr. Humphrey is a seasoned leader in drug development and a physician-scientist with more than 30 years of experience in clinical oncology, neuroscience, cancer research, and drug discovery, having led organizations developing drugs from pre-IND through launch. As CMO, he will oversee Lantheus' research and development organization, including research and pharmaceutical development, regulatory affairs, clinical development, medical affairs, and isotope strategy. Dr. Humphrey spent more than two decades working for global pharmaceutical companies, including Bayer, Bristol-Myers Squibb, Kyowa Kirin, and Pfizer, and subsequently held senior leadership positions at multiple clinical-stage biotechnology companies. Dr. Humphrey earned a Doctorate in Medicine from Case Western Reserve University School of Medicine and an AB in Applied Mathematics from Harvard University. He is Board Certified in Oncology and Internal Medicine and has published more than 30 peer-reviewed papers in molecular biology and clinical research. "As I take on the CMO role at Lantheus, I am excited to combine my passion for advancing patient care and developing talented team members with my broad knowledge of oncology drug development to contribute to Lantheus, a company dedicated to delivering better patient outcomes and shaping the future of diagnostic and therapeutic radiopharmaceuticals," said Dr. Humphrey.

Perspective Therapeutics Inc. (Perspective) – announced first quarter financial results for the period ended March 31, 2024. Cash, cash equivalents and short-term investments as of March 31, 2024 was US$180.6 million as compared to $9.2 million on December 31, 2023. On April 11, 2024, Perspective sold 35,352,461 shares of its common stock under the At the Market Agreement at an average price of approximately $1.40 per common share, resulting in gross proceeds of approximately $49.5 million. Based on the company's current plans, it expects to have sufficient funding for operations and capital investments into the first quarter of 2026. Research and development expenses were $7.5 million for the three months ended March 31, 2024, compared to $3.3 million for the same period in 2023, an increase of approximately 127%. Management believes that research and development expenses will increase as it continues to invest in the development of new drugs and products in the alpha-emitter space and to expand the company's manufacturing capabilities through additional facility acquisitions. General and administrative expenses were $5.9 million for the three months ended March 31, 2024, compared to $6.7 million for the same period in 2023, a decrease of approximately 12%. Total operating expenses for the quarter ended March 31, 2024 were $13.3 million, compared to $10.0 million for the same period in 2023, an increase of approximately 33%. Net loss for the three months ended March 31, 2024 was $12.3 million, or $0.02 loss per basic and diluted share, compared to net loss of $0.4 million, or $0.00 per basic and diluted share, for the same period in 2023.

Telix Pharmaceuticals Ltd. (Telix) – filed with the SEC to raise up to US$100 million in an initial public offering. The company is currently listed on the Australian Securities Exchange under the symbol "TLX." Telix Pharmaceuticals is focused on the development and commercialization of therapeutic and diagnostic radiopharmaceuticals, with a pipeline of candidates across urologic oncology (prostate and kidney), neuro-oncology (glioma), musculoskeletal oncology (sarcoma), and bone marrow conditioning. Its prostate cancer portfolio includes Illuccix, a commercially available gallium 68-labelled prostate-specific membrane antigen prostate cancer imaging agent. Illuccix was approved by Australia's Therapeutic Goods Administration and the FDA in 2021, and Health Canada in 2022. The North Melbourne, Australia-based company was founded in 2017 and booked $385 million in revenue for the 12 months ended March 31, 2024. It plans to list on the Nasdaq under the symbol TLX. Telix filed confidentially on January 25, 2024. Jefferies Financial Group Inc., Morgan Stanley, Truist Financial Group, and William Blair are the joint bookrunners on the deal. No pricing terms were disclosed.

NUCLEAR ENERGY

Oklo Inc. (Oklo) – is forming a strategic partnership with Atomic Alchemy Inc. (Atomic Alchemy) to produce isotopes. This partnership will aim to combine Oklo's work to build and operate fast reactors and fuel recycling expertise with Atomic Alchemy's expertise in isotope production to meet increasing demands for isotopes. Isotopes are vital for many promising medical, energy, industry, and science applications. Oklo is uniquely positioned to drive the nuclear industry forward, including complementary applications like radioisotopes, given its strong balance sheet with over $300 million of cash on hand following its recently completed business combination with AltC Acquisition Corp. Oklo will utilize its robust funding position to execute on the strong customer interest in its Aurora powerhouse offering to meet the rapidly expanding electric power needs of the artificial intelligence, data center, energy, defense, and industrial markets, among others. The successful deployment of Aurora powerhouses to customer sites not only provides Oklo with consistent, recurring revenue but also enables exciting new business opportunities in fuel recycling and radioisotopes production, which is supported by the partnership with Atomic Alchemy. "Industrial and medical isotopes are indispensable to many sectors of the economy, from treating diseases like cancer to fueling clean energy technologies like radioisotope thermoelectric generators, fission power plants, and even fusion research. The domestic and global demands for these crucial elements are growing at an accelerated pace," said Jacob DeWitte, co-founder and CEO of Oklo. "Our partnership with Atomic Alchemy will enable us to diversify our product offerings with radioisotopes produced from our fuel recycling process," added DeWitte. Sam Altman, Chairman of Oklo, added, "This partnership is an example of some of the promising aspects of Oklo's recycling plans, with large potential benefits to a number of industries." The strategic partnership between Oklo and Atomic Alchemy can help address the gaps in our domestic supplies of isotopes and tritium, helping reduce dependence on foreign suppliers.

Plug Power Inc. (Plug Power) – The U.S. Department of Energy said it has offered a conditional loan guarantee of up to $1.66 billion to Plug Power to help it build up to six plants to produce clean hydrogen. The hydrogen fuel from the plants would power fuel cell-electric vehicles used in material handling, transportation, and heavy industry, the department's office of loan programs said. Clean or green hydrogen is expected to result in an 84% reduction in greenhouse gas emissions compared with conventional hydrogen production, which derives hydrogen from natural gas, releasing large amounts of the main greenhouse gas carbon dioxide, unless captured and stored underground. President Joe Biden's administration believes that low-carbon hydrogen can fight climate change by fueling heavy industry such as aluminum, cement and steel and long-haul transportation. "Today's announcement will help unlock the full potential of this versatile fuel and support the growth of strong, American-led industry," the Energy Department's Loan Programs Office said in a release. The clean hydrogen plants will use Plug Power's technology - called electrolyzer stacks - manufactured at the company's factory in Rochester, New York. Plug Power is one of the top U.S. commercial-scale manufacturers of electrolyzers. "Green hydrogen is an essential driver of industrial decarbonization in the United States," Plug Power CEO Andy Marsh said in a statement. This year, Plug Power launched the first U.S. commercial-scale green hydrogen plant in Woodbine, Georgia. "This loan guarantee will help us build on that success with additional green hydrogen plants," Marsh said.

Plug Power Inc. – has signed a Basic Engineering and Design Package (BEDP) with Allied Green Ammonia (AGA) for a 3-gigawatts (GW) electrolyser plant that will supply hydrogen to the Australian customer's planned ammonia production facility in the Northern Territory. The announcement comes a couple of weeks after Plug unveiled entering into a memorandum of understanding (MoU) for the supply of up to 3 GW of its proton exchange membrane electrolysers to the same Australian green ammonia producer. Plug explained in a statement that its BEDP offering is instrumental for the Front-End Engineering Design (FEED) of the project and paves the way for a final investment decision (FID) to be made. In this case, the FID is planned for the final quarter of 2025. "Moving this major green hydrogen-to-ammonia project to the BEDP phase is a sign of its maturity in the development process," said Plug CEO Andy Marsh, adding that the company now has a total of 7.5 GW of BEDP contracts globally. AGA's hydrogen-to-ammonia plant will have the capacity to produce 2,700 metric tonnes of green ammonia per day. Earlier this week, the Australian government introduced a renewable hydrogen production tax incentive to compete with the one launched by U.S. President Joe Biden through the Inflation Reduction Act (IRA) of 2022.

ECONOMIC CONDITIONS

U.S. Consumer Price Index (CPI) rose 0.3% in April, one tick below the median economist forecast calling for a +0.4% print. This followed a 0.4% gain the prior month. Prices in the energy segment rose 1.1% as gains for gasoline (+2.8%) and fuel oil (+0.9%) were only partially offset by a 2.9% decline in the utility gas services category. The cost of food remained unchanged month on month. The core CPI, which excludes food and energy, came in line with consensus expectations as it rose 0.3%. The price of core goods edged down 0.1% on declines for new (-0.4%) and used vehicles (-1.4%) which were compensated in part by higher prices for apparel (+1.2%), medical care commodities (+0.4%) and alcoholic beverages (+0.1%). Prices in the ex-energy services segment, for their part, advanced 0.4% on increases for shelter (+0.4%), medical care services (+0.4%) and transportation services (+0.9%), with the latter category driven by a 1.8% increase for motor vehicle insurance. Airline fares retraced 0.8%. Year on year, headline inflation came in at 3.4%, down from 3.5% the prior month and in line with consensus expectations. The 12-month core measure, meanwhile, eased from 3.8% to a 3-year low of 3.6%, also in line with consensus expectations.

U.S. housing starts rebounded just 5.7% to 1.360 million annualized in April after a downwardly revised 16.8% slide in March, falling well short of the consensus view (1.42 million). The entire bounce was in the volatile multiple-units space. Starts are down 0.6% in the past year, so basically in a holding pattern at levels only moderately above those in 2019. Building permits fell 3.0% to 1.44 million last month after a 5.0% slide in March. And, don't expect much rebound in May, as the homebuilders' activity measure slid 6 points to a below-neutral 45. While residential construction boosted the first quarter real GDP growth by an annualized one-half percentage point, it will make much less of an impression in the second quarter.

U.S. industrial production was flat in April after the prior month's previously reported sharp gain (0.4%) was virtually whittled away to nothing (0.1%). This left total production down 0.4% in the past year. Manufacturing tumbled 0.3% in the month after a downwardly revised 0.2% advance, and is also below year-ago levels (-0.5%). Mining fell 0.6% in April, while utilities rebounded 2.3%. Across major components, production of consumer goods rose only slightly, while that of business equipment and construction supplies fell materially; and all three are below year-ago levels. The capacity utilization rate inched down to 78.4% and is more than one percentage point below April 2023 levels, indicating continued disinflation in the industrial space.

UK unemployment rate rose to 4.3% in the first quarter (market & Bank of England (BoE): 4.3%)—an eight-month high. On wages, as we expected both headline and core wages surprised a touch to the upside, with headline wage growth remaining at 5.7% year over year (market: 5.5%) and core remaining at 6.0% year over year (market: 5.9%). That said, despite the small upside surprise on headline and core wages, private sector regular pay, the BoE's favorite measure of wage growth, came in as we expected at 5.9% year over year, so 0.1 percentage points below the BoE's forecast. As such, this should still very much mean that a June cut is on the table. BoE's Chief Economist Huw Pill delivered a cautious tone regarding potential cuts in his Keynote speech last week, saying that he still saw the first as being "some way off". The Minutes of the May Monetary Policy Committee (MPC) meeting made it clear that there is a "wide range of views" amongst officials around when the first cut can come, he did agree with Bailey's sentiment that "no news [on the data side] is good news", or whether he would need to see inflation and wages come in softer than the MPC's forecast to justify a June cut.

Chinese retail sales dropped to 2.3% year over year (consensus: 3.7%, Mar: 3.1%) in April despite the Qingming holidays. Consumer confidence is clearly shaky in our view, evident from the sharp reversal in April services purchasing managers' index and poor property sales. New & used home price declines also accelerated in April, tracking the slump in residential property sales. However, the State Council's bold plans to stem the malaise in the property sector via a "destocking" approach (with Local governments being encouraged to buy unsold homes from developers) and with the The People's Bank of China lowering loan rates and cutting the interest rate floor for mortgages; could put a floor to the bearish sentiment among consumers and could trigger a consumption bounce in the coming months. In contrast, industrial production powers ahead at 6.7% year over year (consensus: 5.5%, Mar: 4.5%) which wasn't too surprising given China's industrial strategy.

Australia jobs rebounded by +38.5 thousand (consensus:23.7) after the downside miss of -6.6 thousand last month. However, the gains were all led by part-time jobs at +44.6 thousand while full-time jobs were -6.1 thousand. Participation rate recovered to 66.7% from 66.6% last month and a jump in unemployed drove the unemployment rate to 4.1% (prior: 3.8%). The Australian Bureau of Statistics noted though that the "30 thousand increase in unemployment reflected more people without jobs available and looking for work, and also more people than usual indicating that they had a job that they were waiting to start in". Overall, looking at trend-adjusted jobs gains holding steady around the 20-30 thousand mark doesn't suggest any imminent cracks in the labour market yet despite the jump in unemployment rate.

Canada's Consumer Price Index increased 0.50% in April, as anticipated by consensus forecast (not seasonally adjusted). In seasonally adjusted terms, headline prices were up 0.19 % after a 0.25% increase the prior month. This translated to an annual inflation rate of 2.7%, down from 2.9% in March. Prices increased in 5 of the 8 categories surveyed, namely, in order of magnitude, transportation (0.6%), shelter (+0.5%), health/personal care (0.2%), household operations (+0.2) and alcohol/tobacco (+0.4%). Prices in recreation/reading (-0.2%), and food (-0.2%), meanwhile, declined in the month. Clothing and footwear were flat. Annual inflation was above the national average in Québec (+3.0%), Alberta (+3.0%) and British Columbia (+2.9%), the same as the national average in Ontario (+2.7%), and below the mark in Saskatchewan (+1.0%) and Manitoba (+0.4%). Core inflation measures were as follows: 2.9% for CPI trim (down three ticks from last month) and 2.6% for CPI median (down three ticks). As a result, the average of the two measures declined four ticks to 2.7% with the number of categories running above 2.0% now back to normal.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.42% and the U.K.'s 2 year/10 year treasury spread is -0.18%. 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 7.02%. Existing U.S. housing inventory is at 3.2 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 volatility index (VIX) is 12.22 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 wealth which you will keep forever is the wealth you have given away" ~ Marcus Aurelius*

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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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