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NEWS HIGHLIGHTS

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

JUNE 24, 2024

OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Reliance IndustriesLimited. (Reliance) – The majority of shareholders of Reliance Industries have approved the reappointment of Saudi Aramco Chairman Yasir Al-Rumayyan as an independent director on the company's board for five years. However, over 16% shareholders voted against the proposal. The shareholders through a postal ballot approved reappointment of Al Rumayyan as well as appointment of Haigreve Khaitan as independent directors on the board, RIL said in a stock exchange filing. They approved reappointment of long-time company executive Panda Madhusudana Siva Prasad as a director for another 5 years. The resolution for reappointment of Al Rumayyan was carried with 83.97% voting in favour of the resolution. About 16.02% voted against it, the filing showed. Al-Rumayyan, who also heads Saudi Arabia's Public Investment Fund, among the largest sovereign wealth funds in the world, was first appointed on the Reliance board in 2021 for a three-year term. His first term ends on July 18, 2024. And now he has been reappointed till July 18, 2029. Khaitan, partner in Khaitan & Co, was appointed as independent director for five years starting April 1, 2024. But the resolution for his appointment too saw nearly 13% shareholders voting against it. Nearly 87.15% shareholders voted in favour of his appointment, the filing showed. He has been brought in to provide legal heft to the board. Reliance has not had any legal professional as a member on its board since 2019, the shareholder resolution said. "Considering the size and complexity of operations of the company and evolving global and local regulatory landscape particularly in consumer and technology businesses, it was thought fit that induction of a vastly experienced senior legal professional as a member of the Board of Directors of the company would be in the interest of the company."

Samsung Electronics Co., Ltd. (Samsung) - The Exynos 2500 was supposed to be Samsung's gateway towards reducing dependency on Qualcomm Incorporated as the company was previously reported to adopt a dual-chipset launch strategy for the Galaxy S25 series. Unfortunately, not all plans can come to fruition, as press reports indicate that the Snapdragon 8 Gen 4 might exclusively be used in the Korean giant's 2025 flagship series because it might not ship the Exynos 2500 due to poor 3 nanometer (nm) yields. Samsung was earlier rumored to have shown promise with the Exynos 2500, with the latter's initial testing Central Processing Unit (CPU) and Graphics Processing Unit (GPU) results said to be better than the Snapdragon 8 Gen 3. Unfortunately, the company has been reported on several occasions to be struggling with its 3nm yields, and even though it is a potentially better manufacturing process to improve efficiency and limit current leakage, the low yields mean that Samsung cannot mass produce enough of these to be used in the Galaxy S25 series while reducing its production cost.

Altice USA Inc. (Altice USA) - A group of lenders to Altice USA is preparing to sign a cooperation agreement, a pact designed to prevent creditor brawls, amid concerns that the company could move assets away from their reach, according to people with knowledge of the matter. The agreement could initially last 18 months, with the option of being extended multiple times, and become effective as soon as this week, said the people, who asked not be identified discussing a private matter. Terms and timing may still change and there is a chance lenders may ultimately fail to reach a deal, they said. Some creditors, who hold a majority of the company's debt, tapped PJT Partners Inc. (PJT) and Akin Gump Strauss Hauer & Feld LLP (Akin) for advice amid growing concerns that Altice USA will seek to restructure its debt. Lenders that are considering signing the pact include Apollo Global Management Inc. (Apollo), Ares Management Corp. (Ares), BlackRock Inc. (BlackRock), and Oaktree Capital Management Inc. (Oaktree), according to one of the people. Representatives for Altice USA, Akin, Apollo and Oaktree did not immediately respond to requests for comment. Representatives for PJT, Ares and BlackRock declined to comment. Existing creditors have been worried that Altice USA, which has a debt pile totaling some $25 billion on a consolidated basis, could seek to move assets, potentially reducing the value of the collateral backing the debt.

Berkshire Hathaway Inc. (Berkshire) – acquired another 2.95 million shares in Occidental Petroleum Corporation (Occidental), according to a regulatory filing, bringing his stake in the U.S. oil producer's common stock to nearly 29%. In August 2022, Berkshire won U.S. regulatory approval to buy up to 50% of Occidental, but Warren Buffett, co-founder, chairman, and Chief Executive Officer (CEO) of Berkshire has said he has no plans to acquire the Houston-based company. An acquisition could diversify Berkshire's energy portfolio, which includes several utilities, electricity distributors and renewable power projects. The Houston, Texas-based company acquired Permian shale oil producer CrownRock L.P. in a $12 billion deal last year to boost its presence in the largest U.S. oilfield. Buffett also owns warrants to purchase another 83.5 million shares of Occidental at $59.62 per share, below Occidental's closing price of $60.20 on Monday.

Berkshire Hathaway has trimmed its stake in China's Build Your Dreams Limited (BYD), which surpassed Tesla Inc. (Tesla) last year as the world's largest seller of electric vehicles. Berkshire recently sold 1.3 million Hong Kong-listed BYD shares for HK$310.5 million ($39.8 million), according to a filing with the Hong Kong stock exchange. That reduced its stake in BYD's issued H-shares to 6.90% from 7.02%. Buffett's company began investing in Shenzhen-based BYD in 2008, when it paid $230 million for about 225 million shares, then equal to a 10% stake. It began selling shares in 2022, after BYD's share price had risen more than 20-fold. The share price has fallen about 30% since peaking in June 2022. Tesla dethroned BYD and reclaimed its status as the largest electric vehicle seller in April. Berkshire's investment in BYD the brainchild of Charlie Munger, Berkshire's late vice chairman.

Brookfield Corporation (Brookfield)– A consortium led by Brookfield has reportedly agreed to invest in Dubai-based international education provider Global Education Management Systems (GEMS) Education. They did not specify the size of the investment, but said private equity firm CVC Capital Partners PLC. will substantially exit its stake in GEMS as part of the deal, five years after it acquired a 30% holding in the company. The transaction is expected to be completed in the third quarter of 2024, subject to conditions. Other investors in the consortium include Gulf Islamic Investments LLC., Marathon Asset Management, and the State Oil Fund of the Republic of Azerbaijan (SOFAZ). GEMS also said it secured financing from a consortium of United Arab Emirates banks to fund the repayment of its existing financial arrangements. A family business, GEMS Education grew from a single school in 1959 to now educating 140,000 students.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Citigroup Inc (C): has been fined nearly 13 million euros by Germany's bank regulator for lapses in controls of its trading systems, the largest fine imposed under the regulator's consumer protection division. The fine was announced by German regulator BaFin and targeted at Citigroup Global Markets Europe AG. It is related to a mishap in 2022 involving $1.4 billion in mistaken sell orders in equities, for which Citigroup was already fined 61.6 million pounds by British authorities in May.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Arvinas Operations Inc. (Arvinas) – Arvinas Operations, Inc., a subsidiary of Arvinas, Inc., entered into an Amended and Restated License Agreement with Yale University (Yale), updating terms from their previous agreements dating back to 2013. The new agreement, effective June 18, 2024, involves an upfront payment of $14.95 million to Yale, which includes collaboration income from a recent transaction with Novartis Pharma AG (Novartis). Additional payments of $5.0 million and contingent payments up to $15.0 million are also outlined based on future milestones and product approvals.

BridgeBio Pharma Inc. – has achieved its interim analysis enrollment target for the Phase 3 FORTIFY study of BBP-418, a potential treatment for limb-girdle muscular dystrophy type 2I/R9 (LGMD2I/R9), with top-line results expected in 2025. The company has also received Rare Pediatric Disease Designation from the Food and Drug Administration (FDA) for BBP-418, underscoring the serious nature of LGMD2I/R9, particularly in children. The company's recent interactions with the FDA focused on the plans for an interim analysis, suggesting potential for Accelerated Approval of BBP-418.

Danaher Corporation (Danaher) – has appointed Julie Sawyer Montgomery as Executive Vice President for Diagnostics, effective July 1, 2024. She will succeed Joakim Weidemanis, who will assist in the transition over the next three months and retire on September 30, 2024, after 13 years with the company. Julie Sawyer Montgomery, currently Vice President and Group Executive of Danaher's Clinical Diagnostics businesses, will report directly to Danaher's President and CEO, Rainer Blair.

Lantheus Holdings Inc. (Lantheus) – is expected to make a strategic investment in Radiopharm Theranostics (Radiopharm)amounting to A$18 million. Lantheus will initially invest A$7.5 million (US$4.99 million) and has the option to invest an additional A$7.5 million (US$5 million) within six months under the same terms. Furthermore, Radiopharm has entered into a separate transfer and development agreement with Lantheus, agreeing to transfer two of its early preclinical assets for A$3.0 million (US$2.0 million).

Isotope Technologies Munich SE (ITM SE) – announced the appointment of Dr. Andrew Cavey, as its Chief Executive Officer effective September 1, 2024. ITM's current CEO, Steffen Schuster, will step up to the company's Supervisory Board. Dr. Cavey will work together with ITM's leadership team to spearhead the next stages of growth as the company broadens and advances its targeted radiopharmaceutical pipeline and expands its industry-leading medical radioisotope manufacturing capabilities. He joins ITM with a career spanning clinical development, corporate strategy and commercial management across international biotech and radiopharmaceutical companies including

Bristol Myers Squibb (BMS) and Novartis. Dr. Cavey will join ITM from his most recent position as Senior Vice President, Head of Global Program Leaders, Hematology, Oncology, Cell Therapy at BMS, where he helped the company enter into radiopharmaceuticals. Before this, he held several leadership positions at Novartis over the course of eleven years, culminating in his role as Global Program Head, Prostate Cancer, in which he co-led the company's Radiopharmaceutical Therapy strategy and led teams overseeing the regulatory approvals of Pluvicto and Locametz in the US and Europe. Dr. Cavey holds his physiological sciences and medical degrees from Oxford University, and a Master's in Public Health from Harvard University. He gained membership to the UK Royal College of Physicians and currently serves as a Board Trustee for Parkinson's UK. "The strength of ITM is our ability to deliver radiopharmaceutical innovation. With his strong global background in clinical practice, strategy, clinical development, and commercialization, we are confident that Andrew is the right choice to lead ITM throughout our next growth phase," said Udo J. Vetter, Chairman of the Supervisory Board of ITM.

Oncobeta GmbH (Oncobeta) – announced Hospital Universitario 12 de Octubre, in Madrid, has treated its first patient with Rhenium-SCT (skin cancer therapy) – and is expected to continue offering this therapy for patients with non-melanoma skin cancers (NMSCs). Rhenium skin cancer therapy is an advanced radionuclide therapy technology that offers a painless, single-session, non-invasive treatment without disfiguring scarring. Treatment with Rhenium-SCT employs a superficial application of a paste containing βemitting particles directly to the NMSC lesion, targeting cancer cells without the need for surgery. New cases of NMSCs in Spain are expected to almost double from 2022-2050 according to latest figures by the International Agency of Research on Cancer as part of the World Health Organization, making Mardrid an important location for this innovative NMSC treatment option. Shannon D. Brown III, Chief Commerical Officer at OncoBeta, says, "With rates of NMSC increasing globally, we feel it's vitally important that new treatment options are offered to patients. Surgical intervention continues to be the most common treatment, but it can lead to disappointing results. Rhenium skin cancer therapy addresses many patients' desires for a non-surgical alternative – with simple application directly to the lesion, treatment time generally ranges 45 to 180 mins, which means patients can continue with their lives with very little disruption."

Relay Therapeutics Inc. – announced the anticipated registrational path for RLY-4008 and three new programs within a growing HR+/HER2- breast cancer franchise. Relay Therapeutics conducted an end-of-phase 1 meeting with the FDA to discuss next steps for the clinical development of RLY-4008. Based on discussions with the FDA, the company has decided to move forward with a single arm trial design for FGFRi-naïve FGFR2-fusion CCA at 70 mg once daily to potentially support accelerated approval. The company also intends to add additional supportive CCA cohorts to a New Drug Application (NDA) submission, including frontline, FGFRi-experienced and FGFR2 mutation and amplification patients that could potentially facilitate a line and alteration agnostic label if the submission is approved. The interim data shared with the FDA included a data cut-off of April 19, 2022, from the dose escalation portion of the ongoing study. The interim data included a safety database of 115 patients, with 58 patients treated with the once daily (QD) dosing schedule, and 13 of these patients were FGFRi-naïve FGFR2-fusion CCA patients treated with the once daily schedule ranging from 20 mg up to 70 mg. Also, in addition to the 17 patients previously disclosed at a twice daily (BID) schedule, 40 patients were evaluated with an intermittent dosing schedule, both of which have been deprioritized.

NUCLEAR ENERGY

NuScale Power Corp. – the U.S. Department of Energy said it would fund up to $900M to aid in the deployment of small modular nuclear reactors. The Department of Energy said it will provide as much as $800M of the funding for "up to two first-mover teams" of utilities, developers and end-users committed to deploying a first plant with Small Modular Reactors (SMRs), with the other $100M intended to support design, licensing, supplier development and site preparation. The department said it expects to announce an official solicitation and open up applications for the funding in late summer or fall this year. DoE estimates the U.S. will need 700-900 Gigawatts of "additional clean, firm capacity to reach net-zero emissions by 2050, [thus] establishing a committed orderbook of reactors in the near-term is critical to accelerating technology learning and reducing deployment costs."

Plug Power Inc. – has secured a contract to supply 25 megawatts (MW) of proton exchange membrane (PEM) electrolyzer systems to a major European customer. The deal involves deploying five of Plug's 5 MW containerized PEM electrolyzers to support the customer's efforts in reducing their carbon footprint through the use of green hydrogen. Plug CEO Andy Marsh highlighted the significance of this project, emphasizing Plug's industry expertise and technology's role in advancing Europe's decarbonization goals.

ECONOMIC CONDITIONS

US Existing home sales fell for the third straight month and largely as expected in May, by 0.7% to 4.11 million annualized. Sales are down just moderately from a year ago and remain higher than late last year, but, importantly, they are still hovering near the lowest levels since the tail-end of the great financial crisis. Meantime, resale listings, though still historically low given the reluctance of owners to break attractive mortgage terms, are on the rise, up 18.5% year-over-year (y/y). Supply has crept up to 3.7 months at the current sales rate. But that's still less than the normal five months, so, despite weak demand, the market remains lean with sellers still calling the shots on pricing. The median price is up 5.8% y/y, not helping on the affordability front. In summary in our view poor affordability and still-low (though rising) listings in the resale (not new) market are keeping buyers at bay, with little change expected until the Fed reduces policy rates.

The weakest U.S. housing starts since the pandemic-led shutdowns are fairly convincing evidence of restrictive monetary policy. Starts unexpectedly plunged 5.5% in May, more than retracing a downwardly-revised 4.1% advance in April, and now down a whopping 19% from a year ago. The level of 1.277 million (annualized) is the lowest since June 2020. The decline was spread across single-family and multi-family units and spanned three of four major regions. While unusually wet weather may explain a portion of the weakness, the prior two months were also depressed. Moreover, building permits, which are much less sensitive to shifts in the weather, also fell sharply, by 3.8% after big declines in the prior two months. The level of 1.386 million is also the lowest since the shutdowns. The data flag a sizeable retreat in Q2 residential construction that will weigh on Gross Domestic Product (GDP) growth.

U.S. retail sales are visibly downshifting in the second quarter with the advanced estimate for May coming in at a lackluster 0.1%, weaker than our forecast of 0.2%, and well-below the consensus call of 0.3%. A big 2.2% decline in gasoline station sales on falling gas prices drove a lot of the sales weakness last month. Gas sales alone subtracted 0.17 percentage points from headline retail sales growth. Outright sales declines were also seen in furniture (-1.1%), building materials (-0.8%), eating and drinking establishments (-0.4%), and food and beverage stores (-0.2%) as demand and price inflation eases. Sales at department stores were flat with general merchandise store sales up a modest 0.1% last month. It wasn't all downbeat news, however, as a few retail categories managed solid sales gains last month, including sporting goods (+2.8%), apparel (+0.9%), and electronics (+0.4%). The biggest surprise from this report was the sharp downward revision for April sales. Turns out April retail sales fell 0.2% compared to the previously reported unchanged reading. The retail sales control group, comprised of total retail sales less food services, auto dealers, building materials, and gas stations, and is used to help estimate consumer spending in the quarterly GDP report, plunged a bigger than previously reported 0.5% in April, before recovering to a positive 0.4% growth pace in May. Retail sales have been volatile month-to-month so far this year as more consumers struggle under the weight of rising prices, higher interest rates, and dwindling savings.

U.S. industrial production posted its largest increase in nearly a year, suggesting the economy hasn't lost all of its resiliency. Production jumped 0.9% in May, the most since last summer, following a flat April, hauling the yearly rate back into the plus column (0.4%). The gains were spread across the three major sub-groups, but led by a broad-based 0.9% increase in manufacturing following consecutive declines. Production of consumer goods led the way with an assist from business equipment. Mining rose 0.3% on firmer oil output, while utilities popped 1.6% as warmer temperatures juiced air conditioner demand. The capacity utilization rate rose more than expected to 78.7% from a downwardly-revised 78.2%, but it's still about one percentage point below the long-run mean, and thus still applying downward pressure on goods prices.

French flash Purchasing Manager's Index (PMI) for June came in substantially weaker than expected. Services fell half a point to 48.8 (market (mkt): 49.9)—the second decline in a row—and manufacturing fell 1.1 points to 45.3 (mkt: 46.8). This left the composite down quite a bit lower than expected at 48.2 (mkt: 49.4). Driving declines was, according to anecdotal evidence from firms, " fewer client numbers and a drop in the level of incoming new business". Moreover, some firms linked lower output volumes to the upcoming election as well. Election concerns were perhaps most pronounced in the business expectations index, which saw a close to 3-point decline. There were good news on the inflationary side—with both input and output price inflation continuing to decline, most pronounced in output price inflation, which fell to its lowest since April 2021.

German flash PMIs for June came in sharply lower than expected. Services fell 0.7 points to 53.5 (mkt: 54.4) and manufacturing dropped to 43.4—three full points below our forecast and the consensus at 46.4. This left the composite down to 50.6, 2.1 points below the consensus. The sharp decline in the manufacturing was broad based, but the bulk of the fall was driven by sharp contractions in new orders and output. Overall, this means manufacturing, despite the improvements in April and May, has moved largely sideways since the beginning of the year. There were also no good news on the inflation side, with both input and output price inflation increasing.

UK inflation data for May saw headline and core inflation matching expectations, with the former falling to 2.0% y/y (mkt: 2.0%, BoE: 1.9) and the latter coming down to 3.5% y/y (mkt: 3.5%). However, as we expected, services inflation surprised to the upside, with the year-on-year rate falling to 5.7% y/y (mkt: 5.5%, BoE: 5.3%). Hotels were a key driver of the upside surprise, rising 2.0% month-over-month (m/m), while restaurants edged up 0.4% m/m —slowing the m/m strength a bit from last month's sharp upside surprise. Airfares was another upside driver, with prices surging 14.9% m/m. Partly offsetting the strength on the services side was food and non-alcoholic beverages—easing 0.3% m/m.

UK PMIs generally came in weaker than expected in June. While the manufacturing surprised a touch to the upside, edging up to a 23-month high of 51.4 (51.2, mkt: 51.1), services fell sharply to 51.2 (mkt: 53.0)—extending on May's sharp decline. On net, this means that the services has fallen 3.8 points since April's near term peak of 55.0. Overall, this left the composite down 1.30 points to 51.7 (mkt: 53.0). In terms of drivers, on the services, side, anecdotal evidence from firms pointed to some spending decisions being put on hold due to the general election—echoing the weakness in the French PMIs earlier this morning. On the manufacturing side, while the increase was quite small, it was still broad based, though the biggest contributor was an uptick in the output component. In terms of inflationary pressures, both input and output price inflation quickened in June. On input costs, businesses referenced "severe global shipping constraints" leading to higher transport costs, while increase in the output inflation component was driven by firms needing to cover their costs from previous increases in input costs.

UK retail sales surprised sharply to the upside in May, rebounding 2.9% m/m (mkt: 1.8%). Adding to the stronger than expected print, the April data was revised up half a percentage point as well to -1.8% m/m (previous: -2.3%). The increase was broad based, with all major components registering notable increases. Non-store retailing (+5.9% m/m) and textile, clothing & footwear stores (+5.4% m/m) registered the biggest increases—the latter rebounding from a sharp 4.4% m/m decline in April. This leaves retail sales volumes at their highest level since October 2022, and means that volumes have been roughly moving sideways ever since then.

FINANCIAL CONDITIONS

Bank of England kept Bank Rate on hold at 5.25% in an unchanged 7-2 vote, with Sir Dave Ramsden and Dr. Swati Dhingra continuing to favor a cut. The main part of the guidance was largely unchanged, however, it did mention that "As part of the August forecast round, members of the Committee will consider all of the information available and how this affects the assessment that the risks from inflation persistence are receding"—suggesting that August is a live meeting. While the minutes did note that services inflation had surprised to the upside, the minutes also noted that some of this strength was simply due to "index linked or regulated" prices—so downplaying the upside surprises. Moreover, the minutes also that "businesses expected the frequency of services price increases to normalise somewhat further over the course of this year". The decision for a hold was also "finely balanced" for some of the seven in the majority, further suggesting that an August cut is on the table.

The U.S. 2 year/10 year treasury spread is now -0.48% and the U.K.'s 2 year/10 year treasury spread is -0.11%. 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 6.87%. Existing U.S. housing inventory is at 3.7 months supply of existing houses as of May 31, 2024 - 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 13.27 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Whenever you find yourself on the side of the majority, it is time to pause and reflect." - Mark Twain*

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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

Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel.:1-888-710-4242 • www.portlandic.com • info@portlandic.com

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