Portland Investment Counsel®
Buy. Hold. And Prosper.®

NEWS HIGHLIGHTS

EST. 2007

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

AUGUST 12, 2024

The views of the Portfolio Management Team contained in this report are as of August 12, 2024, and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings and allocations may have changed subsequent to this date. This research and information, including any opinion, is compiled from various sources believed to be reliable but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice. The contents of this Newsletter reflect the different assumptions, views and analytical methods of the analysts who prepared them. For Advisor Use Only.

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) – plans to roll out its factories making renewables equipment over the next year, marking a milestone for Ambani's conglomerate that's been pivoting away from its fossil fuel roots. Over the next 12 months, the focus will be to bring new energy manufacturing facilities on-stream, operate them efficiently and, start developing renewable energy generation projects, the flagship of the group said in its annual report for the year ended March 31. The supply chain will be developed locally for self-sufficiency and reduce the reliance on imports. Ambani had first spoken of Reliance's foray into green energy at the annual shareholders' meet in 2021, detailing plans to build four giga factories to make solar modules, hydrogen, fuel cells and to build a battery grid to store electricity. Ambani's green push is a significant shift for a business that operates the world's largest refining complex, giant petrochemical facilities and still draws half of its revenue from its oil and chemicals businesses. Reliance's investors will now be looking for more details on these giga factories when Ambani will address shareholders on August 29, a once-a-year event from which he has announced his biggest business initiatives. Reliance has a net carbon zero target of 2035.

Altice USA, Inc. (Altice USA) - made progress across a number of its metrics during the second quarter of 2024, although it still reported decreased revenues compared to the same time last year. In the second quarter the company achieved significant improvements in operational metrics and customer satisfaction, growth in fiber, mobile, and business to business (B2B) businesses, and continued stabilization of Average Revenue Per Unit (ARPU) across customer base. The product and network quality have been significantly improved, and the company introduced refreshed go-to-market strategies, which are starting to gain traction. Altice also launched Entertainment TV, Optimum's new low-cost internet TV package available exclusively on Optimum Stream, providing more choice and flexibility for customers. Looking ahead, there is an innovative roadmap of future product and experience enhancements that will be brought to customers this year and beyond. Altice saw its revenues slide 3.6% year-on-year to US$2.2 billion, but Chief Financial Officer (CFO) Marc Sirota pointed out that this was a notable improvement from its trend in recent quarters; the company's residential revenues were down 4.4% from the second quarter of 2023, but Sirota said that was better than the 5.7% year-over-year decrease that the company had reported between second quarter (Q2) 2022 and Q2 2023. Bucking that trend was residential mobile service revenue, where Altice USA saw its third consecutive quarter of more than 50% year-over-year growth. The company's mobile base is small but growing, reaching 385,000 lines during the second quarter. Mobile net additions for the telco were 33,000, up from 16,000 during the same time last year; Altice USA's mobile penetration within its customer base is at 5.8%. Altice USA added 40,000 fiber customers during the second quarter to bring its fiber customer base to 434,000, and increased its fiber customer penetration to more than 15%. About 60% of those net additions were from existing customers migrating to fiber, according to Sirota, who said that the company expected such migrations to accelerate in the second half of 2024. Altice USA said that it added about 62,000 fiber passings during the quarter to reach 2.8 million and expects to hit the 3 million mark by the end of this year.

Brookfield Asset Management Ltd. (Brookfield) – reported financial results for the second quarter of 2024, with a net income of US$124 million, up from $109 million in the same quarter of 2023. The company raised $68 billion in capital, highlighting significant momentum in its Credit business and substantial opportunities in its Renewable Power and Transition business. Notable developments include a partnership with Microsoft Corp (Microsoft), an agreement to acquire Neoen, and growth in data center platforms. Fee-bearing capital increased by 17% year-over-year to $514 billion, while fee-related earnings reached $583 million for the quarter. Distributable earnings were $548 million for the quarter, showing steady growth. Brookfield now manages approximately $1 trillion in assets, reflecting the efforts of its global team. Key fundraising achievements include $61 billion raised within the credit franchise and $4 billion in the renewable power and transition business. Brookfield also committed or deployed approximately $20 billion in investments during the quarter, with significant transactions including the acquisition of a majority stake in Neoen and the purchase of Global Education Management Systems (GEMS). Additionally, Brookfield announced strategic transactions, such as increasing its ownership in Oaktree Capital Management to 73% and the planned acquisition of SVB Capital Management LLC. The company declared a quarterly dividend of $0.38 per share, payable on September 27, 2024.

Brookfield Corporation – reported financial results for the second quarter of 2024, with significant growth in cash flows across its asset management, wealth solutions, and operating businesses. The company completed US$800 million in share buybacks so far this year and plans to continue capital allocation to share repurchases. Key financial highlights include a 11% increase in distributable earnings (DE) before realizations on a per-share basis compared to the previous year, totaling $1.1 billion for the quarter. The company's total distributable earnings for the quarter were $2.1 billion, and assets under management grew to approximately $1 trillion, with fee-bearing capital reaching $514 billion. Brookfield Corporation's wealth solutions segment benefited from the close of American Equity Life (AEL) and strong investment performance, with insurance assets growing to over $110 billion. The company's operating businesses generated resilient cash flows, driven by growth in renewable power, infrastructure, private equity, and real estate sectors. The company also highlighted successful monetizations, including $1.0 billion in earnings from asset sales during the quarter, and it expects increased transaction activity moving forward. Brookfield Corporation ended the quarter with approximately $150 billion in deployable capital, including $62 billion in cash, financial assets, and undrawn credit lines. The board declared a quarterly dividend of $0.08 per share, payable on September 27, 2024.

Nomad Foods Limited (Nomad Foods) – reported its financial results for the second quarter of 2024, showing a 1.1% increase in revenue to €753 million compared to the same period in 2023. The company experienced a modest organic revenue growth of 0.5%, with volume growth contributing 1.6%. Adjusted **Earnings Before Interest, Taxes, Depreciation, and Amortization** (EBITDA) increased by 5.3% to €139 million, and Adjusted EPS rose to €0.44. Gross profit also saw a significant rise of 10.8%, reflecting improved gross margins. For the first six months of 2024, revenue increased by 1.1% to €1,537 million, with organic revenue growth of 0.4%. However, Adjusted EBITDA decreased by 6.1% to €262 million, and Adjusted EPS declined slightly to €0.81. The company reaffirmed its full-year 2024 guidance, expecting organic revenue growth of 3%-4%, Adjusted EBITDA growth of 4%-6%, and Adjusted EPS of €1.75-€1.80. The management highlighted confidence in achieving profitable volume growth in the second half of the year, driven by ongoing investments and strategic initiatives.

Nomad Foods – announced the appointment of Steven Libermann as Group Executive President, effective immediately. In this role, Steven will be responsible for driving profitable growth across all 22 of Nomad Foods' markets and channels. Steven has been with the company since the acquisition of Findus in 2015, where he was Chief Executive Officer (CEO) of Findus Southern Europe. Over the years, he has held various leadership roles, most recently overseeing the UK & Ireland business and Global Sales. CEO Stéfan Descheemaeker expressed confidence in Steven's ability to further grow the company, highlighting his central role in making Nomad Foods Europe's leading frozen food company.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

AT&T Inc. (AT&T) - In a crucial next step toward bringing real-time communications to its suite of cloud applications, Oracle today announced that it is incorporating AT&T IoT (Internet of Things) connectivity and network Application Programming Interface's (API) into its Enterprise Communications Platform (ECP). This integration will enable Oracle Corporation's (Oracle) industry cloud application customers to connect and manage their IoT devices on the AT&T network all in one platform. Supported by AT&T, ECP is delivering IoT connectivity and near real-time communications to Oracle's suite of industry cloud applications. With integrated capabilities such as IoT edge application management, this all-in-one offering removes the customer burden of managing complex integrations and network contracts. Built on the high performance and security of Oracle Cloud Infrastructure (OCI), the unified communication and edge architecture gives businesses the connectivity and real-time data intelligence they need to power critical new services and experiences. The integration with AT&T IoT connectivity and network API's is available across OCI regions in the U.S.

"AT&T is committed to empowering our ecosystem partners to build solutions that integrate AT&T programmable connectivity, whether using our IoT API's or our emerging network API's." said Sarita Rao, senior vice president, AT&T Partner Solutions. "By teaming with Oracle to incorporate IoT connectivity and programmable API's into Oracle industry applications, we are providing businesses and organizations a tighter level of integration between the network and application, driving performance and reliability gains while also eliminating integration requirements and separate contracting events. It's co-creation at its best."

Suncor Energy Inc. (Suncor) - "Following a strong first quarter, the second quarter was about execution and momentum. High quality execution of major upstream and downstream turnaround activities and maintaining momentum in targeted improvement priorities, including operational reliability and cost management," said Rich Kruger, Suncor's President and CEO.. "With these clear priorities and a determination to consistently achieve the highest levels of performance, the organization delivered on its commitments; operating safely, cost-effectively, reliably and profitably. With the majority of 2024's planned maintenance complete, the company is very well positioned for a strong second half of the year." Suncor's adjusted operating earnings increased to CAD$1.626 billion ($1.27 per common share) in the second quarter of 2024, compared to $1.253 billion ($0.96 per common share) in the prior year quarter, primarily due to higher realized crude oil prices and increased Oil Sands sales volumes, as well as higher refinery production in Refining and Marketing (R&M), partially offset by higher royalties, lower Exploration and Production (E&P) volumes and lower refined product realizations.

Total Oil Sands bitumen production increased to 834,400 barrels of crude oil per day (bbls/d) in the second quarter of 2024, compared to 814,300 bbls/d in the prior year quarter, primarily due to the company's increased working interest in Fort Hills, in addition to record second quarter gross bitumen production at Fort Hills, and record quarterly production at Firebag, partially offset by lower production at Oil Sands Base as a result of planned turnaround and maintenance activities. The company's net synthetic crude oil (SCO) production was 461,700 bbls/d in the second quarter of 2024, representing combined upgrader utilization of 86%, compared to 505,000 bbls/d and 92% in the prior year quarter, reflecting higher planned maintenance in the current period and strong upgrader utilizations outside of planned maintenance activities.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – reported a 20% increase in total revenues to $8.4 billion for the second quarter of 2024, driven by 26% volume growth in product sales, with 12 products showing double-digit sales growth. Excluding contributions from the Horizon Therapeutics acquisition, product sales rose by 5%. Despite the revenue growth, **Generally Accepted Accounting Principles** (GAAP) earnings per share (EPS) fell by 46% to US$1.38 due to higher operating expenses and amortization from Horizon assets. Non-GAAP EPS slightly decreased by 1% to $4.97. Free cash flow dropped to $2.2 billion, mainly due to the timing of tax payments.

Amgen – announced the establishment of a new technology and innovation site in Hyderabad, India, set to open in the fourth quarter (Q4) 2024. The site, located in HITEC City within the RMZ Spire Tower 110, will enhance Amgen's digital capabilities and accelerate its global innovation efforts. With space for up to 3,000 employees, the new facility will focus on advancing Amgen's pipeline through advancements in biotechnology, life sciences, and artificial intelligence. This expansion reflects Amgen's commitment to leveraging global talent to drive its mission of patient care and innovation.

Arvinas, Inc. (Arvinas) – reported its financial results for the second quarter of 2024, showing a decrease in cash, cash equivalents, and marketable securities by US$32.3 million to $1,234.2 million as of June 30, 2024, primarily due to cash used in operations, despite receiving $150 million from Novartis AG (Novartis) agreements. Research and development expenses decreased by $9.7 million to $93.7 million, mainly due to reduced spending on the ER program, partially offset by increased costs in the AR program. General and administrative expenses rose by $5.6 million to $31.3 million, driven by higher personnel, infrastructure costs, and professional fees. Revenue for the quarter increased by $22 million to $76.5 million, largely due to $45.4 million from new Novartis agreements, offset by decreases in revenue from the Vepdegestrant (ARV-471) Collaboration Agreement with Pfizer Inc (Pfizer). and the Oerth Bio joint venture.

BeiGene, Ltd. (BeiGene) – reported financial results and significant corporate advancements for the second quarter of 2024, highlighting its continued global growth. In The second quarter, U.S. sales of BRUKINSA reached US$479 million in Q2 2024, a 114% increase from the previous year, largely due to its expanded use in chronic lymphocytic leukemia (CLL). European sales also saw significant growth of 209%. Clinical trial data presented at major conferences demonstrated strong efficacy and safety, further solidifying BRUKINSA's market position. The company further reported significant progress in hematology, with ongoing trials for sonrotoclax (a type of molecular inhibitor) and BGB-16673, targeting various cancers. In solid tumors, multiple innovative molecules, including **Antibody-Drug Conjugates'** (ADC)s and multispecific antibodies, are advancing, with key readouts expected in 2024. Furthermore, BeiGene has opened a new U.S. biologics manufacturing facility in New Jersey and proposed redomiciling to Switzerland to enhance its global biopharmaceutical presence.

Bicycle Therapeutics plc (Bicycle)– reported progress in its clinical pipeline, with four abstracts accepted for presentation at the ESMO Congress 2024, highlighting data on their innovative therapeutics. The company focused its Research and Development (R&D) on areas with the highest potential for value creation, streamlined its leadership team, and formed a Clinical Advisory Board with global oncology experts. Financially, Bicycle strengthened its balance sheet with US$555 million raised through a Private Investment in Public Equity (PIPE) financing, bringing its cash reserves to US$961.4 million, expected to support operations into the second half of 2027. The company also reduced its debt, while R&D and administrative expenses saw slight increases compared to the previous year.

Guardant Health Inc. (Guardant) – reported financial results for the second quarter of 2024, with revenue increasing by 29% to US$177.2 million, up from $137.2 million in the same period the previous year. The growth was primarily driven by a 33% increase in precision oncology revenue, which reached $166.5 million, due to higher testing volumes and improved reimbursement rates, including a significant increase in Medicare reimbursement for the Guardant360 **Laboratory Developed Test** (LDT) test. However, development services and other revenue slightly declined to $10.7 million from $11.9 million. Gross profit increased by $21.5 million to $104.8 million, but gross margin decreased slightly to 59% from 61%. Operating expenses were relatively stable at $205.4 million, and the company reported a net loss of $102.6 million, a larger loss compared to $72.8 million in the same quarter last year. This increase in net loss was mainly due to unrealized losses on equity security investments. On a non-GAAP basis, the net loss improved to $58.5 million from $88.7 million, and adjusted EBITDA loss was reduced to $61.9 million from $85.2 million in the prior year. Free cash flow remained negative at $(99.1) million, and the company held $1.0 billion in cash, cash equivalents, and restricted cash as of June 30, 2024.

Iovance Biotherapeutics Inc. (Iovance) – reported second quarter 2024 revenue of US$31.1 million, driven by the launch of Amtagvi™ (lifileucel), with $12.8 million attributed to Amtagvi and $18.3 million from Proleukin. The company expects Q3 2024 product revenue between $53-$55 million and full-year 2024 revenue of $160-$165 million. For 2025, total revenue is projected to reach $450-$475 million. Iovance also highlighted progress in expanding its U.S. network of treatment centers and manufacturing capabilities, with a current cash position of $449.6 million to support operations into early 2026.

Nuvalent Inc. (Nuvalent) – reported second quarter 2024 financial results, holding US$658 million in cash to support operations through 2027. The company advanced its pipeline with key updates, including ongoing Phase 2 trials for NVL-655 in a type of non-small cell lung cancer (NSCLC) and zidesamtinib in another type of NSCLC, both with registrational intent. The company also plan to present new data at the European Society for Medical Oncology Congress in September and outline their broader development strategy for the company's programs later this year.

Olema Pharmaceuticals Inc. (Olema)– reported the company's Q2 financials. The company recently presented interim clinical results from its ongoing study of palazestrant (a novel drug aimed at the treatment of a type of breast cancer). Financially, Olema reported US $239.1 million in cash and equivalents as of June 30, 2024. Upcoming milestones include initiating a new clinical study of palazestrant with everolimus and presenting updated data on palazestrant later in the year.

RadNet Inc. (RadNet)– reported financial results for the second quarter of 2024, with total revenue reaching US$459.7 million, a 13.9% increase from the same period in 2023. Adjusted EBITDA also grew by 19.7% to $72.3 million. The company's Digital Health segment saw significant growth, with revenue increasing by 36.4% to $15.8 million and Adjusted EBITDA rising by 135.2% to $3.3 million, largely driven by a 136.6% increase in Artificial Intelligence (AI)-related revenue. Despite these positive results, RadNet reported a net loss of $3.0 million for the quarter, compared to a net income of $8.4 million in the second quarter of 2023. This loss was attributed to several unusual or one-time expenses, including non-cash losses from interest rate swaps, debt restructuring costs, and research and development expenses related to AI. Adjusting for these items, the company reported adjusted earnings of $12.0 million and diluted adjusted earnings per share of $0.16, up from $0.10 in the same period last year. The company also saw significant growth in imaging volumes, with Magnetic Resonance Imaging (MRI) volume up 16%, Computed Tomography (CT) volume up 14.8%, and Positron Emission Tomography (PET)/CT volume up 20.4%. On a same-center basis, MRI, CT, and PET/CT volumes increased by 11.7%, 9.9%, and 13.7%, respectively. Overall imaging exam volume increased by 9.2% compared to the second quarter of 2023.

Relay Therapeutics, Inc. (Relay Therapeutics) – reported strong progress in the second quarter of 2024, highlighted by the announcement of three new programs targeting vascular malformations (abnormal blood vessel development), Fabry disease (a type of genetic disorder), and a specific type of cancer. The company also initiated a global clinical trial collaboration with Pfizer to explore a triplet combination therapy for a specific type of breast cancer, with the trial expected to start by the end of 2024. Relay Therapeutics reported US~$688 million in cash, cash equivalents, and investments as of June 30, 2024, which is projected to fund operations into the second half of 2026. The company anticipates significant milestones in the coming years, including clinical trial initiations for its new programs and potential Phase 3 trials for its ongoing studies.

NUCLEAR ENERGY

Bloom Energy, Inc. (Bloom Energy)– reported second-quarter 2024 revenue of US$335.8 million, up 11.5% year-over-year. The company improved its gross margin to 20.4% and achieved a non-GAAP gross margin of 21.8%. Operating losses were reduced to $23.1 million, with a non-GAAP operating loss of $3.2 million. Bloom Energy strengthened its balance sheet through the issuance of 3% convertible green notes and announced new agreements with CoreWeave and Silicon Valley Power to enhance its market presence. The company remains optimistic about future growth and reaffirmed its 2024 financial guidance.

Centrus Energy Corp. (Centrus) – reported financial results for the second quarter of 2024, with net income rising to US$30.6 million on revenue of $189.0 million, a significant increase from $12.7 million in net income on $98.4 million in revenue for the same period in 2023. The company's cash balance stood at $227.0 million as of June 30, 2024. Key highlights include a $234 million annuitization of pension plan obligations, resulting in a $16.6 million settlement gain, and securing a U.S. Department of Energy (DOE) waiver under the Prohibiting Russian Imports Act, allowing Centrus to fulfill U.S. customer deliveries through 2025 under its Russian supply contract. Revenue growth was driven primarily by the LEU (Low Enriched Uranium) segment, which saw an $82.0 million increase, and the Technical Solutions segment, which grew by $8.6 million. The increase in gross profit was attributed to higher sales volumes and favorable contract terms. Centrus also advanced its domestic enrichment capabilities, with ongoing efforts to expand HALEU (High Assay Low-Enriched Uranium) production at its Piketon, Ohio facility. Additionally, the company reduced its pension liabilities by 79% through the annuitization of pension plans, transferring $234 million in obligations to an insurer. Centrus' backlog as of June 30, 2024, was $2.7 billion, extending to 2040, with $1.7 billion in the LEU segment and $1.0 billion in Technical Solutions.

Centrus – has strengthened its Board of Directors by appointing Stephanie O'Sullivan and Ray Rothrock, both of whom bring significant expertise in national security and the nuclear industry. Stephanie O'Sullivan, who has held high-level positions within the U.S. Intelligence Community, offers a strong understanding of national security, which is vital for Centrus' mission. Ray Rothrock, with decades of experience as a venture investor and a background in nuclear engineering, brings valuable insights into financing and deploying innovative clean energy technologies. Their combined expertise is expected to greatly benefit Centrus as the company advances its efforts to restore U.S.-based uranium enrichment capabilities, which are critical for both energy and national security.

Constellation Energy Corporation (Constellation) – reported financial results for the second quarter of 2024, with GAAP net income of US$2.58 per share and adjusted (non-GAAP) operating earnings of $1.68 per share, slightly higher than the previous year. The company raised its full-year 2024 adjusted earnings guidance to $7.60-$8.40 per share, up from $7.23-$8.03 per share. Key highlights include the repurchase of approximately $500 million of common stock during the quarter, bringing total repurchases to $2 billion since 2023. Constellation also released its 2024 Sustainability Report, emphasizing its commitment to a carbon-free energy future, and hosted its second annual Youth Energy Summit, providing **Science, Technology, Engineering, and Mathematics**. (STEM) education to students. The company earned the 2024 Great Place to Work® certification for the second consecutive year, with 89% of surveyed employees rating it as a great place to work. In terms of operations, Constellation's nuclear fleet produced 45,314 gigawatt-hours in the second quarter, with a 95.4% capacity factor, demonstrating strong performance during one of the hottest summers on record.

Plug Power Inc. (Plug Power)– reported Q2 2024 revenue of US$143.4 million, reflecting growth in electrolyzer deployments and improved pricing. Hydrogen margins improved with enhanced production capacity and strategic pricing, and Plug Power leveraged the Clean Hydrogen

Production Tax Credit for its Georgia plant. Additionally, the company appointed Dean Fullerton as (Chief Operating Officer (COO) to drive operational efficiency. The company expects revenue between $825 million and $925 million for 2024 and is progressing on several key initiatives, including a joint venture hydrogen plant and a Department of Energy loan process.

ECONOMIC CONDITIONS

The volatility in global markets over the past week is a reminder that even known tail risks such as the Yen carry trade can whipsaw markets. Bank of Japan (BOJ's) decision to raise rates faster combined with market structure issues (stated and hidden leverage), led to a short but extreme correction. Although the Yen carry trade will remain in place along with the tail risks involved, the events will likely force central banks to show more restraint on rates for the rest of the year. But the key stability catalyst appears to remain intact in that the US economic supertanker continues to sail along smoothly amidst rough geopolitical seas with the Federal Reserve likely only needing slight course adjustments (tweaking rates lower) in order to maximize the business cycle.

Canadian employment fell 3 thousand (K) in July, coming in short of consensus expectations for a 25K increase. While the population surged 125K, the labour force actually declined 11K. These dynamics resulted in an unchanged unemployment rate (6.4%) but the participation rate fell 3 ticks to 65.0% (the lowest since 1998 outside of the pandemic) and the employment rate fell two ticks to 60.9% (down 1.5%-pts from the February 2023 peak). The roughly unchanged overall employment picture was the result of full-time positions expanding 62K and part-time employment dropping 64K. Meanwhile, the number of jobs in the public sector jumped 41K, while private sector employment contracted 42K. The number of self-employed was roughly unchanged (-2K). Goods-producing industries outperformed in July, with employment rising 12K. Modest gains here were registered in all sectors other than manufacturing (-9K). The services sector didn't fare as well, with employment down 15K. Trade (-44K), finance, insurance and real estate (-15K) and accommodation and food services (-10K) contributed to net job losses while employment was up in public administration (+20K) and transportation/warehousing (+15K). Employment in the core age cohort (25-54) expanded 59K while employment among the young (-19K) and old (-44K) contracted. Regionally, there were job gains in Ontario (+22K) and Saskatchewan (+7K) while employment was down in each of the other eight provinces. British Columbia (-10K) and Québec (-9K) saw the largest declines. Wages were up 5.2% on a year-over-year basis in July (down from 5.6% in June).

The Canadian trade balance swung back into surplus in June, outperforming market expectations for a CAD$2.0 billion(bn) deficit. Trade deficit figures for May were also revised upwards, from -$1.9bn to -$1.6bn. Exports and imports were both higher on the month, with exports increasing by 5.5% m/m and imports 1.9% higher. In volume terms exports were 3.8% higher while imports rose by 1.3%. Export gains were fairly broad-based, but with particular strength in the energy sector due to the expansion of the Trans Mountain pipeline, and in the metals sector due to increases in unwrought gold exports. Imports of passenger vehicles also rose sharply. All told, the trade data suggests further upside risk to Q2 Gross Domestic Product (GDP) in our view.

China's July Consumer Price Index (CPI) rose more than expected, +0.5% year over year (y/y), above consensus at +0.3%, posting the largest gain since Feb. This compares with +0.2% in June. The National Bankruptcy Services (NBS) cited the pick up in CPI to "a continued recovery in consumption demand and the impact of higher temperatures and rain in some regions". Driving the higher result was the extended heatwave that saw fresh fruit prices surge 3.1% y/y, Education and tourism services +1.7% y/y, with clothing and footwear +1.5% y/y. In our view these are seasonal and one-off factors. However, core CPI rose 0.4% y/y, a slower pace from the +0.6% advance in June, pointing to overall weak consumer demand and the deflationary run in factory prices continued with (Producer Price Index (PPI) posting a 0.8% y/y drop. It's becoming clear the Government's goal for 5% growth is clearly at risk and may require more than just the 20-step action plan to hit the target.

New Zealand Q2 Labour market data printed better than expected across all metrics. First the unemployment rate lifted 0.2% pts to 4.6%, exactly as per the Reserve Bank of New Zealand (RBNZ) forecast, which was the highest since March 2021, but it was below consensus at 4.7%. Employment growth rose a stronger 0.4% q/q, much better than the mkt at -0.2% had anticipated, contrary to the monthly employment indicators. This pins annual employment growth at 0.6% y/y vs 1.3%. Of concern is the very strong levels of wages growth. The employment cost index saw wages lift 4.3% y/y vs 4.1% prior with annual public sector wage growth the highest on record at 6.9% y/y. Reading the Statistics New Zealand release however does not paint a picture as upbeat as the headlines suggest. They note "Recent rises in unemployment align with other economic indicators, including an increasing number of benefit recipients, a decreasing number of job vacancies, and declining GDP (gross domestic product) per capita" and they highlight the uptick in youth unemployment and underutilization - for 15 to 19-year-olds u/e was 20.7% from 15.1% and for 20-24year olds unemployment increased from 5.8% to 8%.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.11% and the U.K.'s 2 year/10 year treasury spread is 0.33%. 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 6.47%. Existing U.S. housing inventory is at 4.1 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 20.85 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 big money is not in the buying and selling, but in the waiting." ~Charlie Munger*

Portland Investment Counsel Inc. currently offers Mutual Funds & Private/Alternative Products - visit www.portlandic.com

Individual Discretionary Managed Account Models - SMA

Net Asset Value:

The Net Asset Values (NAV) of our investment funds are published on our Portland website at www.portlandic.com/prices

We want to share our insights with you and welcome your feedback. Our website has the latest, as well as archived videos, company profiles, and press articles. Please visit us at www.portlandic.com

Portland Investment Counsel Inc. **portlandinvestmentcounsel** **Portland Investment Counsel Inc.** **@PortlandCounsel**

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

PIC24-048-E(08/24)