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# NEWS HIGHLIGHTS

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

## SEPTEMBER 16, 2024

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## OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

**Reliance Industries Limited (Reliance)** – Reliance Retail Ventures, and Delta Galil Industries Ltd. (Delta Galil), the global manufacturer and marketer of branded and private label intimate, activewear, loungewear and denim apparel for ladies, men and children, announced a strategic partnership in India. This collaboration, marked by a 50/50 joint venture, aims to redefine the apparel landscape in the Indian market. The partnership intends to establish an apparel innovation platform dedicated to meeting the unique demands of Indian consumers. Delta Galil, renowned for its innovation and product excellence, will leverage this venture to expand its footprint in the rapidly growing Indian market, offering its acclaimed portfolio of intimate apparel and activewear brands across retail, wholesale and digital channels. Through the collaboration, Delta Galil will also support the joint venture, which will design and manufacture products for Reliance's own well-established brands.

**Altice USA Inc. (Altice)**– Secured creditors of Altice France including BlackRock, Inc.(BlackRock), Elliott Investment Management L.P. (Elliot) and Pacific Investment Management Company LLC.(PIMCO) are readying a counterproposal to the company's plan to reduce its US$26.9 billion of debt, according to people familiar with the matter. The French telecommunications firm, which is controlled by Patrick Drahi, presented a plan in July to the steering committee of a group of secured creditors asking them to take a 20% haircut in their holdings to help the company slash leverage to below four times its earnings before interest, taxes, depreciation and amortization. The effort to craft a counterproposal is complicated by the fact that there are differing views among the secured creditors over how the burden of any potential losses should be shared among debtholders that are equally senior, the people familiar with the matter said, asking not to be identified discussing private information. The group advised by Rothschild & Co.(Rothschild) and Gibson Dunn & Crutcher LLP (Gibson Dunn) holds about €17 billion of the secured debt. The steering committee also includes Anchorage Capital Group L.L.C., UBS Asset Management (UBS) and Sona Asset Management (Sona), among others. Investors holding debt coming due soon, in particular those with bonds due in January and February next year, argue they should be repaid at par or close to par, while creditors mostly holding securities maturing between 2027 and 2029 don't see why they should get worse treatment than the others given that all the debt is on an equal footing legally, the people said. In the group there are both original lenders that are pushing to get recoveries closer to par, and investors that bought at a discount and could be more open to taking a haircut because they would still make money, the people familiar added. A vast majority of the members of the group advised by Gibson Dunn and Rothschild signed a cooperation agreement that legally binds their members to not do side deals with the company to the detriment of the other members. The agreement was extended to February and there are discussions around whether to renew it until February 2026, the people said. Spokespeople for Altice, Anchorage, BlackRock, Elliott, Pimco, Sona and UBS declined to comment.

**Samsung Electronics Co., Ltd. (Samsung)** – Samsung, Xiaomi Corporation (Xiaomi) and other smartphone companies colluded with Amazon.com, Inc. (Amazon) and Walmart's Flipkart Private Limited (Flipkart) to exclusively launch products on the e-commerce firms' Indian websites in breach of antitrust laws, according to regulatory reports seen by Thomson Reuters Corporation (Reuters). Antitrust investigations conducted by the Competition Commission of India (CCI) have found that Amazon and Flipkart violated local competition laws by giving preference to select sellers, prioritising certain listings, and steeply discounting products, hurting other companies, Reuters reported last week. The CCI's 1,027-page report on Amazon also said the Indian units of five companies, Samsung, Xiaomi, Motorola Inc. (Motorola), Realme Mobile Telecommunications Corp., Ltd. (Realme) and OnePlus Technology (Shenzhen) Co,, Ltd. (OnePlus) were "involved in the practice of exclusive" phone launches in "collusion" with Amazon and its affiliates, breaking competition law. In Flipkart's case, a 1,696-page CCI report said the Indian units of Samsung, Xiaomi, Motorola, Vivo Communication Technology Co. Ltd. (Vivo), Lenovo Group Limited (Lenovo) and Realme conducted similar practices. The inclusion of smartphone makers like Samsung and Xiaomi in the case could increase their legal and compliance headaches. Reuters is first to report the smartphone companies have been accused of anticompetitive behavior in the CCI's reports which are dated August 9 and are not public. Xiaomi declined to comment, while the other smartphone makers did not respond to requests for comment. Amazon, Flipkart and the CCI did not respond, and have not so far commented on the reports' findings. Both the CCI reports said that during investigations Amazon and Flipkart deliberately downplayed allegations of exclusive launches, but officials found the practice was rampant. Counterpoint Research data shows that South Korea's Samsung and China's Xiaomi are two of India's biggest smartphone players, together holding an almost 36% market share, with China's Vivo on 19%. The investigation findings are a major setback for Amazon and Flipkart in a key growth market where they have faced the ire of small retailers for years for hurting their offline businesses. The investigation into Amazon, Flipkart and their sellers was triggered in 2020 by a complaint from an affiliate of the country's biggest retailer association, the Confederation of All India Traders, which has 80 million members. The CCI will in coming weeks review any objections to its findings from Amazon, Flipkart, the retailer association, and the smartphone companies, and could potentially impose fines along with mandating companies to change their business practices, people familiar with the matter said. Indian retailers have repeatedly accused Amazon and Flipkart, and smartphone companies, of exclusive phone launches online, saying shopkeepers suffered as they didn't get the latest models and customers looked for them on the shopping websites.

**Ares Management Corporation (Ares)** – is reportedly in advanced discussions to acquire GLP Capital Partners' operations outside of China. The potential deal may involve an initial payment of approximately US $3.5 billion, with the total value potentially reaching around $5 billion if specific targets are achieved. Ares is considering using a mix of cash and stock to finance the acquisition. The firm has been expanding its presence in Asia through recent acquisitions, including SSG Capital Management Limited (SSG Capital) and Crescent Point Capital Management Pte. Ltd. (Crescent Point Capital). ENGIE North America Inc. (ENGIE) has formed a partnership with Ares Management's Infrastructure Opportunities funds, marking ENGIE's largest sale of an operating portfolio in the U.S. and one of the largest in the renewables sector by total capacity. ENGIE will retain a controlling share and continue to operate and manage the assets in a 2.7 Gigawatt (GW) portfolio consisting of 15 projects across Electric Reliability Council of Texas (ERCOT), Midcontinent Independent System Operator (MISO), Pennsylvania-New Jersey-Maryland Interconnection( PJM), and Southwest Power Pool (SPP) regions, with 53% solar, 25% wind, and 22% co-located battery storage. The partnership aims to accelerate the transition to net-zero energy, with ENGIE highlighting its strong track record in renewable asset management. The deal aligns with ENGIE's strategy to grow its renewable energy production in North America while recycling capital. Ares, as a new partner, brings additional capital and expertise to support the development of climate infrastructure.

**Brookfield Asset Management Ltd. (Brookfield)**– is exiting the shopping mall sector in Brazil to focus on its local real estate holdings in offices, apartment buildings, and logistics. Earlier this year, Brookfield sold its controlling stake in Rio de Janeiro's Shopping Rio Sul and is now seeking buyers for its majority stakes in two São Paulo malls, Patio Paulista and Patio Higienópolis. The firm aims to raise around 3 billion reais (US$534 million) from these sales, with a target completion by early 2025. Brookfield has engaged investment banks Banco Bradesco BBI S.A. and Banco BTG Pactual S.A. to manage the transactions. Brookfield, which manages nearly $1 trillion in assets globally, still maintains significant investments in Brazil across various sectors, including renewable power, infrastructure, private equity, and real estate. The decision to sell the malls comes as Brookfield considers these assets mature and looks to refocus its investments on sectors with greater growth potential, such as logistics parks and apartment rentals, which have been buoyed by high financing costs and e-commerce growth. While online retail has impacted malls globally, Brazilian malls remain popular as safe, family-friendly destinations amid public security concerns.

**Brookfield**– Infinium Holdings, Inc. (Infinium), a leading producer of ultra-low carbon eFuels, has formed a strategic funding partnership with Brookfield to accelerate the growth of its eFuels platform. Brookfield will invest over US$200 million in Infinium's Project Roadrunner in West Texas and up to $850 million in other global eFuels projects. This investment, Brookfield's first in sustainable aviation fuel, will be made through its Global Transition Fund. Infinium's eFuels, including eSAF (sustainable aviation fuel), are produced using water, waste (carbon dioxide) $CO_2$, and renewable energy, and can reduce greenhouse gas emissions by 90% compared to conventional fuels. American Airlines has agreed to purchase eSAF from Project Roadrunner starting in 2026 to help decarbonize its fleet. Brookfield's investment will help Infinium meet growing demand for sustainable fuels and support additional projects worldwide.

## DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

**Bank of Montreal (BMO)** –announced today that the United States Court of Appeals for the Eighth Circuit reversed a prior jury verdict and instructed the district court to enter judgement in favour of BMO's U.S. subsidiary, BMO Bank National Association. The lawsuit related to a Ponzi scheme carried out by Thomas J. Petters and certain affiliated individuals and entities that operated a deposit account at a predecessor bank, M&I Marshall and Ilsley Bank. "We are very pleased with the decision of the United States Court of Appeals for the Eighth Circuit," stated a BMO spokesperson. As a result of this outcome, in accordance with applicable accounting standards, BMO expects to reverse its current provision of CAD$1,190 million, which includes accrued interest, with respect to this matter, the details of which are set out in BMO's continuous disclosure material, resulting in an expected after-tax recovery of CAD$875 million to be recorded in the fourth quarter in the Corporate Services segment and treated as an adjusting item.

**Empire Company Limited (Empire)** announced its financial results for the first quarter (Q1) ended August 3, 2024. For the quarter, Empire recorded net earnings of CAD$207.8 million ($0.86 per share) compared to $261.0 million ($1.03 per share) last year. For the quarter, Empire recorded adjusted net earnings of $218.7 million ($0.90 per share) compared to $196.2 million ($0.78 per share) last year. "We enter fiscal 2025 with confidence due to strengthening same-store sales growth and strong control of our margins and costs," said Michael Medline, President & Chief Executive Officer (CEO), Empire. "We are increasingly optimistic as market conditions are gradually improving, contributing to a more predictable operating environment. Our team remains focused on strong execution and operational discipline, and we are starting to see the benefits as our strategic initiatives gain traction and deliver results." Since fiscal 2017, Empire has successfully completed two transformation strategies, Project Sunrise and Project Horizon. These strategies have comprehensively reset Empire's foundation, enhanced its data capabilities, deepened the understanding of customers, and prepared the business to effectively capture emerging trends. With these transformation strategies now accomplished and the turnaround complete, Empire aims to grow total adjusted earnings per share (EPS) over the long-term through net earnings growth and share repurchases. Empire intends to continue improving sales, gross margin (excluding fuel) and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) margin by focusing on priorities such as:

**Continued Focus on Stores:** Over recent years, Empire has accelerated investments in renovations, conversions, and new stores along with store processes, communications, training, technology and tools. Investing in the store network will remain a priority, demonstrated by a sustained emphasis on renovations and continued store expansion in discount. The Own Brands program enhancement will remain a priority through increased distribution, shelf placement and product innovation. Empire intends to invest capital in its store network and is on track with its plan to renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026. This capital investment includes important sustainability initiatives such as refrigeration system upgrades and other energy efficiency initiatives.

**Enhanced Focus on Digital and Data:** The focus on digital and data will include continued e-commerce expansion with Voilà, personalization, loyalty, through Scene+, improved space productivity and the continued improvement of promotional optimization. Space productivity will further enhance the customer experience by improving store layouts, optimizing category and product adjacencies and tailoring product assortment for each store. The advanced analytics tools built for promotional optimization will continue to be refined through the partnership between the advanced analytics team and category merchants. Enhancing digital and data capabilities will allow Empire to deliver the best personalized experiences to elevate its in-store and e-commerce experience for its customers.

**Efficiency and Cost Control:** Empire has significantly improved its efficiency and cost effectiveness through sourcing efficiencies, optimizing supply chain productivity and improving systems and processes. Empire will continue to focus on driving efficiency and cost effectiveness through initiatives related to sourcing of goods not for resale, supply chain productivity and the organizational structure. In addition, it is pursuing cost savings in the Voilà business by pausing the opening of its fourth Customer Fulfilment Centre ("CFC") and has ended its mutual exclusivity with Ocado, amongst other initiatives.

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**Bicycle Therapeutics Inc.** – presented updates on its oncology pipeline. The monotherapy data for zelenectide pevedotin, targeting Nectin-4 in metastatic urothelial cancer, showed a 45% overall response rate (ORR) and an 11.1-month median duration of response, with a generally well-tolerated safety profile. The Ephrin type-A receptor 2 (EphA2)-targeting Bicycle Toxin Conjugate BT5528 demonstrated a 45% ORR in a dose expansion cohort for metastatic urothelial cancer, with a differentiated safety profile.

**BridgeBio Pharma, Inc. (BridgeBio)** – has received the US Food & Drug Administration (FDA)'s Regenerative Medicine Advanced Therapy (RMAT) designation for BBP-812, its investigational gene therapy for Canavan disease. This designation is based on preliminary results from the CANaspire Phase 1/2 trial, which showed functional improvements in all treated patients. RMAT status allows BridgeBio to engage in early and frequent interactions with the FDA, potentially expediting the path to Accelerated Approval. If approved, BBP-812 could become the first therapy for Canavan disease, a fatal neurodevelopmental disorder in children. BridgeBio reported topline results from its Phase 1/2 trial of BBP-631, an investigational gene therapy for congenital adrenal hyperplasia (CAH). The therapy demonstrated an increase in endogenous cortisol production in all patients in higher dose cohorts, a first for CAH patients. The treatment was well tolerated with no serious adverse events. However, despite the promising scientific progress, the company has decided to significantly reduce the gene therapy budget, citing insufficient data to justify further capital investment at this time.

**Clarity Pharmaceuticals Ltd. (Clarity)** – announced an update on the safety review of the first 3 participants enrolled in cohort 4 of the SECuRE trial who received 2 doses of 67 (copper Cu)Cu-SAR-bisPSMA (Prostate-Specific Membrane Antigen) . Cohort 4 is the final cohort in the dose escalation phase of the study, with participants receiving a minimum of 2 and a maximum of 4 doses of 67Cu-SAR-bisPSMA at 12GBq(gigabecquerels). Cohort 4 is the first to explore the safety and anti-cancer effects of multiple therapy cycles of 67Cu-SAR-bisPSMA at the highest dose of 12GBq. This is the last cohort of the dose escalation phase, before the trial advances into its Phase II stage (cohort expansion) in 14 participants, pending safety evaluation. Cohort 4 is designed as a "3+3" cohort, where participants will receive a minimum of 2 therapy cycles. Based on the positive safety profile observed in the first 3 cohorts of the SECuRE trial, a change to the dosing schedule of cohort 4 from "2 doses" to "up to 4 doses" has previously been approved by the Safety Review Committee (SRC). This will allow participants who are benefiting from 67Cu-SAR-bisPSMA to receive 2 additional doses under the SECuRE trial (up to 4 doses in total)

**ITM Isotope Technologies Munich SE (ITM)** – has secured an exclusive worldwide license from Debiopharm for the development and commercialization of a peptide-based theranostic pair targeting Carbonic Anhydrase IX (CA IX). This pair includes: Debio 0228 ([177Lu]Lu-DPI-4452) and Debio 0328 ([68Ga]Ga-DPI-4452). The compounds are being evaluated in the Phase 1/2 GaLuCi™ clinical trial for treating Clear

Cell Renal Cell Carcinoma (ccRCC), Pancreatic Ductal Adenocarcinoma (PDAC), and Colorectal Cancer (CRC). Under the agreement, Debiopharm will receive upfront, development, and regulatory milestone payments totaling approximately €300 million, as well as commercial milestones and low double-digit royalties on future sales. ITM aims to advance these programs rapidly in line with its strategy to expand its radiopharmaceutical pipeline.

**Lantheus Holdings, Inc. (Lantheus)**– presented primary results from its Phase 3 SPLASH trial at the European Society of Medical Oncology (ESMO) Congress 2024, demonstrating that the prostrate-specific membrane antigen (PSMA)-targeted radioligand therapy, 177Lu-PNT2002, significantly improved radiographic progression-free survival in patients with metastatic castration-resistant prostate cancer (mCRPC). The overall response rate was 38.1%, compared to 12.0% for the androgen receptor pathway inhibitor (ARPI) switch arm, with 9.3% achieving complete responses. Patients also showed a statistically significant improvement in health-related quality of life. Interim overall survival data is still maturing, with an update expected once 75% of target overall survival events have occurred.

**Nuvalent, Inc. (Nuvalent)** – highlighted updated Phase 1 dose-escalation data from the ARROS-1 and Anaplastic Lymphoma Kinase Positive (ALK)OVE-1 trials, showcasing zidesamtinib and NVL-655's potential as best-in-class treatments for ROS1 and ALK-positive Non-Small Cell Lung Cancer( NSCLC), respectively. The trials are progressing rapidly, with pivotal data now expected in 2025. Additionally, Nuvalent plans to initiate the ALKAZAR Phase 3 trial of NVL-655 for treatment-naïve advanced ALK-positive NSCLC patients in the first half of 2025. Nuvalent has launched an underwritten public offering of US$350 million in shares of its Class A common stock. All shares are being offered by Nuvalent, and the offering is subject to market conditions. The company plans to grant underwriters a 30-day option to purchase up to an additional 15% of the shares sold. J.P. Morgan, TD Cowen, Jefferies, and Stifel are serving as joint book-running managers for the offering.

– **Sanofi S.A. (Sanofi)** - has entered into an exclusive licensing agreement with RadioMedix Inc. (RadioMedix) and Orano Med to develop and commercialize the next-generation radioligand medicine AlphaMedix™ (212Pb-DOTAMTATE). This radioligand therapy targets neuroendocrine tumors (NETs) and uses lead-212 (212Pb) for targeted alpha therapy (TAT). Under the agreement, Sanofi will handle global commercialization, while Orano Med will oversee manufacturing. RadioMedix and Orano Med will receive €100 million upfront, up to €220 million in sales milestones, and tiered royalties. The deal is subject to standard regulatory approvals.

**RadNet Inc. (RadNet)**– has appointed Kees Wesdorp as President and CEO of its Digital Health division, joining the executive management team. Wesdorp brings extensive experience from his previous role as Chief Business Leader of Philips' Precision Diagnosis division, where he managed key diagnostic technologies, including magnetic resonance imaging (MRI), computed tomography (CT), ultrasound and radiology software. He also has a proven track record in artificial intelligence (AI) development and commercialization. Wesdorp will lead RadNet's Digital Health portfolio, which includes radiology informatics systems and AI solutions for breast, prostate, lung and neuro diagnostics marketed under the DeepHealth brand.

**Relay Therapeutics, Inc. (Relay Therapeutics)** – announced positive interim data for its investigational drug RLY-2608, showing promising results in heavily pre-treated patients with a specific type of breast cancer. The median progression-free survival (PFS) was 9.2 months, with an overall response rate (ORR) of 33% across all patients. The drug was well-tolerated, with minimal treatment discontinuations and only one case of Grade 3 hyperglycemia. Relay plans to initiate a second-line pivotal study in 2025 and move forward with combination therapies involving ribociclib and atirmociclib.

Relay Therapeutics announced the pricing of a public offering of 28,571,429 shares of common stock at US$7.00 per share, aiming to raise approximately $200 million. The company also granted underwriters a 30-day option to purchase an additional 4,285,714 shares. All shares are being sold by Relay Therapeutics, and the proceeds are before deductions for underwriting discounts, commissions, and expenses.

**Telix Pharmaceuticals Limited (Telix)**– announced that results from its Phase III ZIRCON trial, investigating TLX250-CDx (Zircaix®), have been published in *The Lancet Oncology*. The study shows that TLX250-CDx, a positron emission tomography (PET) imaging agent, is highly accurate in detecting and characterizing clear cell renal cell carcinoma (ccRCC) in patients with indeterminate renal masses (IRMs). Conducted with 300 patients, the trial demonstrates that this non-invasive imaging method has the potential to reduce unnecessary surgeries and improve diagnostic accuracy compared to current techniques. The results suggest that TLX250-CDx could be practice-changing in the management of kidney cancer.

## NUCLEAR ENERGY

**Assystem S.A. (Assystem)** – reported revenue of €301.3 million for the first half of 2024, a 6.7% increase, driven by strong growth in its nuclear activities in France and internationally. The company's EBITA rose by 17.8% to €18.5 million, with an improved margin of 6.1%. However, net profit declined to €5.0 million from €21.0 million in the same period last year, partly due to non-recurring expenses. Assystem's free cash flow showed improvement, reaching negative €15.9 million, compared to negative €27.5 million in 2023. The net cash position was €14.7 million as of June 30, 2024. The company is focusing on nuclear projects with Électricité de France (EDF) in France and the UK while expanding its presence in India and Saudi Arabia. Assystem also paid a €12.50 per share dividend for 2023, totaling €185.6 million, and launched new share plans to retain key personnel. For the full year 2024, Assystem targets revenue of around €620 million and an EBITA margin of approximately 7%, assuming stable economic and exchange rate conditions.

**Cameco Corporation (Cameco)** – Russian President Vladimir Putin proposed limiting exports of key commodities like uranium, titanium, and nickel in response to Western sanctions, causing nickel prices to rise and shares in uranium mining companies, such as Canadian firms NexGen Energy Ltd., Cameco, and Denison Mines Corp., to increase. Putin emphasized that any restrictions should not harm Russia itself. Russia is a major global supplier of these commodities, and potential export cuts could disrupt markets. Nickel prices surged 2.6% on the London Metal Exchange following Putin's comments, with Russia's Nornickel as a key global supplier. Russia controls 44% of global uranium enrichment capacity and remains a significant exporter of titanium, used in industries like aerospace. Sanctions have affected its trade relationships, but some countries, including France, China, and Germany, continue to import Russian titanium.

**Cameco** – Westinghouse Electric Company LLC (Westinghouse) released a report by PricewaterhouseCoopers (PwC) outlining the economic benefits of deploying 3 gigawatts of nuclear power using AP300™ small modular reactors (SMRs) in Czechia. The report estimates that the project would generate Kč292.7 billion in gross domestic product (GDP) during the manufacturing, engineering, and construction phase, creating 80,000 person-years of employment. Once operational, it would contribute Kč95.3 billion annually to GDP and support 8,500 direct and indirect jobs. The AP300 project aims to enhance local nuclear skills, train over 3,000 employees, and provide carbon-free energy to power at least 1.95 million homes in Czechia, aligning with the European Green Deal and the country's clean energy goals. The program also opens opportunities for Czechia's supply chain in global AP300 reactor developments and Westinghouse's projects worldwide. Westinghouse plans to achieve design certification for the AP300 SMR by 2027, with construction beginning by 2030 and operation starting in the early 2030s. The AP300 is the only SMR based on an existing advanced Generation III+ reactor, and it is under consideration in the UK, Europe, and North America.

**Cameco** – Westinghouse and Hyundai Engineering & Construction have signed an agreement to pursue opportunities for deploying Westinghouse's AP1000® nuclear reactor technology in Sweden and Finland. Under this partnership, Westinghouse will provide the reactor design, while Hyundai Motor Company (Hyundai) will deliver industrial engineering and construction services. This builds on their 2022 cooperation to explore global AP1000 plant projects. The agreement follows plans by Vattenfall AB (Vattenfall)  to develop new nuclear projects at Ringhals in Sweden, aiming for the first reactor to be operational by the early 2030s, and a memorandum of understanding between Fortum and Westinghouse to explore new nuclear plants in Finland and Sweden. The AP1000 reactor is a Generation III+ reactor known for its passive safety systems and modular design. Westinghouse and Hyundai aim to provide energy security for the next century in Sweden and Finland. The AP1000 technology is already operational in China, with more units under construction or planned in several countries, including Poland, Ukraine, Bulgaria, and the United States, and is being considered for use in other regions. By the end of the decade, 18 AP1000 units are expected to be in operation worldwide.

**Centrus Energy Corp. (Centrus)**– and Korea Hydro & Nuclear Power (KHNP) have signed a long-term supply commitment to support the construction of new uranium enrichment capacity at Centrus' American Centrifuge Plant in Ohio. The agreement involves a decade of Low-Enriched Uranium (LEU) deliveries to fuel Korea's nuclear reactors. Centrus has now secured US$1.8 billion in contingent sales commitments, including this deal, which are dependent on final agreements and obtaining public and private investment for the new enrichment capacity.

**ITM Power plc (ITM Power)**– has appointed Amy Grey as its new Chief Financial Officer (CFO), effective by early March 2025. Grey, currently CFO at Sheffield Forgemasters International Ltd, brings experience from senior finance roles, including at Greenlane Renewables. She will succeed Andy Allen, who will step down from the board but remain with the company to support her transition and take on a new role. ITM Power, based in Sheffield, designs and manufactures electrolyser systems for green hydrogen production.

**Plug Power Inc. (Plug)**– has signed a Technical Evaluation Phase (TEP) contract with H2DRIVEN, a project by Dourogás Natural, S.A. and CapWatt, S.A., to support the development of a green methanol plant in Portugal. Plug will provide 25 megawatts ( MW) of Proton Exchange Membrane (PEM) electrolyzers and offer technical expertise during the Front End Engineering Design (FEED) phase. The project aims to produce 80,000 tons of green methanol annually by combining biomass gasification with hydrogen generated via solar-powered electrolysis. The methanol will serve heavy industry and mobility sectors, promoting sustainable energy solutions.

## ECONOMIC CONDITIONS

**China's August exports growth surprised higher to 8.7%  year over year (y/y) (consensus (cons): 6.6%, July: 7.0%)** even as base effects were unfavorable for exports this month and the manufacturing Purchasing Managers' Index (PMI) is in contraction for the 4th straight month. In the details, the beat in headline was largely driven by higher exports of mechanical & electrical products which rose by 2.4% month over month (m/m) with annual growth at 11.9%. By region, exports to US and EU rose on a m/m basis, with annual growth at 5.1% y/y and 13.8% y/y respectively. Imports growth, however, disappointed at 0.5% y/y (cons: 2.5%) a big drop from 7.2% y/y last month. Major imports such as high-tech equipment and mechanical equipment also fell on a m/m basis which weighed on imports this month. The main takeaway from today's report should be on the imports weakness which reflects the tepid onshore demand and should concern Beijing.

**UK Labour market data for Jul**y showed everything landing almost exactly on top of consensus. Headline wage growth slipped to 4.0% 3m/y (market (mkt): 4.1%), but the more important ex-bonus measure fell only slightly to 5.1% 3 month/year (m/y), in line with the consensus. Private sector regular pay slid slightly too to 4.9% 3m/y. The unemployment rate fell back a tick to 4.1%, in line with expectations. Overall then, there's not much to see in this report, and the Monetary Policy Committee (MPC) won't be taking a strong signal from it either in our view. With both services inflation and ex-bonus wage measures still around 5% y/y, policy needs to remain tight for some time, and we continue to look for a quarterly pace of 25 basis points rate cuts.

## FINANCIAL CONDITIONS

**Bank of Canada** - Over the weekend, the Bank of Canada Governor, Tiff Macklem, opened the door to stepping up the pace of interest rate cuts, the Financial Times reported on Sunday. Macklem told the newspaper in an interview that rate-setters are concerned about Canada's labour market and the possibility of lower oil prices hitting the economy. "As you get closer to the target, your risk management calculus changes," Macklem told the newspaper. "You become more concerned about the downside risks. And the labour market is pointing to some downside risks."

**European Central Bank**, as expected, lowered its deposit rate by 25 basis points (bps) to 3.50%, a level last reached in June 2023. This time, the emphasis was on this particular rate which, as President Lagarde put it, "is used to steer the monetary policy stance". The refi rate and marginal lending rate were both cut by 60 bps to 3.65% and

3.90%, respectively. The European Central Bank (ECB) staff forecasts for growth were trimmed slightly over the three-year horizon, with risks skewed to the downside given "headwinds". Forecasts for headline consumer price index (CPI) were unchanged (will slide below target in 2026), but the core estimates were nudged up for this year and next, on the back of higher services CPI. A resilient labour market (the jobless rate is at a record low 6.4%) has kept wage growth "elevated" and, thus, services costs sticky. That is the component that needs "more attention and understanding and monitoring". However, the central bank expects that wages will cool, eventually, and that profits will continue to "buffer" their impact, all of which will help lower services inflation over the course of 2025. The decision to cut the deposit rate today was unanimous, but differing views are likely the reason why the ECB head was, once again, non-committal about the next meeting on October 17. The next meeting is only five weeks away, which she called "a relatively short time". President Lagarde also pointed out that "data dependency does not mean data point dependency" and that they're looking at a whole batch of data. And so, while in our view there may be another cut this year … there may not.

The U.S. 2 year/10 year treasury spread is now 0.08% and the U.K.'s 2 year/10 year treasury spread is -0.02%. 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 6.2%. Existing U.S. housing inventory is at 4 months supply of existing houses as of August 22, 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 17.25 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

***And Finally:*** *"If you don't read the newspaper, you're uninformed. If you read the newspaper, you're misinformed." ~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

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