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# NEWS HIGHLIGHTS

EST. 2007

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

OCTOBER 15, 2024

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## OWNER OPERATED COMPANIES



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ALTERNATIVE FUND



PORTLAND 15 OF 15  
ALTERNATIVE FUND  
COMPANY NEWS

**Reliance Industries Limited (Reliance)** – reported second quarter results with EBITDA of Rs391 billion which was largely in line with Bloomberg consensus. Jio (Reliance Jio Infocomm Limited) EBITDA grew 16% year over year (y/y) helped by strong fixed broadband. Retail revenue growth continued to slow (-1% y/y), mainly driven by weaker demand in Fashion & Lifestyle and streamlining/restructuring of operations, especially in Business-to-Business (B2B) while core EBITDA margins expanded a further 54 basis points (bps) quarter over quarter (q/q). According to management, restructuring in the retail business could continue for another 1-2 quarters. Capital Expenditure (Capex) in the first half (1H) declined 20% y/y and annualized capex to EBITDA ratio remained below one-fold (1X). The Energy segment reported EBITDA of Rs177 billion which was below expectations due to weaker Oil to Chemicals (O2C) earnings. The softer O2C earnings was driven by mainly by weaker refining earnings which likely declined amid softer Gross Refining Margins (GRM) sequentially on weaker-than-expected oil demand especially in the United States (U.S.) (weaker manufacturing activities) and higher supply growth, especially in the Middle East.

**Samsung Electronics Co., Ltd. (Samsung)** – Electronics announced that the company has been selected by KDDI Corporation (KDDI) as a main vendor to provide Fifth Generation (5G) Open Radio Access Network (Open RAN) compliant virtualized Radio Access Network

(vRAN) solutions for their Open RAN deployment in Japan. In line with KDDI's vision to adopt leading-edge network technology, the companies will expand the reach of Open RAN in the coming years. Starting from 2025, KDDI will expand its Open RAN deployment leveraging the advantages of a fully disaggregated and software-based architecture developed by Samsung. KDDI's Open RAN network will feature enhanced capabilities for improved energy efficiency, optimized performance and intelligent automation. For this expanded collaboration, Samsung is bringing its comprehensive network solutions, a full suite of Open RAN compliant radios supporting low and mid-bands and third-party radio integration support. It also offers key features an intelligent solution that automates the life cycle management of large-scale Open RAN buildouts. The features streamline the onboarding, deployment and operation processes, enabling KDDI to transform its widespread network efficiently. Samsung has pioneered the successful delivery of 5G end-to-end solutions, including chipsets, radios and cores. Through ongoing research and development, Samsung drives the industry to advance 5G networks with its market-leading product portfolio, core to private network solutions and Artificial Intelligence (AI)-powered automation tools. The company currently provides innovative network solutions to mobile operators that deliver boundless connectivity to hundreds of millions of users worldwide.

**Berkshire Hathaway Inc. (Berkshire)** – has reduced its stake in Bank of America Corporation (BofA), selling 9.5 million shares worth US\$382.4 million during the week of October 7, 2024, bringing its ownership below 10%. This follows an earlier reduction in July when Berkshire sold 33.9 million shares for around \$1.48 billion, with the investment firm now netting more than \$10 billion from its BofA stock sales. As Berkshire's stake is now below 10%, further stock movements won't be reported immediately and will instead be disclosed in Berkshire's quarterly financial reports or stock holdings updates. BofA is not the only stock Buffett has sold off recently. Earlier this year, Berkshire halved its stake

in Apple Inc. Buffett mentioned at Berkshire's annual meeting that selling shares made sense due to potential future increases in federal capital gains taxes depending on the outcome of the U.S. presidential election.

**Berkshire** – has raised 281.8 billion yen (US\$1.9 billion) through a yen-denominated bond offering, its largest such sale in five years. Analysts believe this move signals Berkshire's intention to increase its exposure to Japanese assets. The funds will be used for general corporate purposes, though the company did not disclose specific details in its U.S. Securities and Exchange Commission filing. Berkshire's deepening involvement in Japan's capital markets follows its investments in the country's top five trading houses, where it now holds around 9% stakes. The firm initially announced these investments in 2020, with plans to raise its ownership to as much as 9.9%. This latest bond sale comes after Berkshire raised 263.3 billion yen through a similar bond issue in April. The yen bond issue included tranches with various maturities, ranging from 3 to 30 years, with the largest amount—155.4 billion yen—raised in the 3-year tranche. Analysts suggest Berkshire's optimism about Japanese stocks, particularly value stocks offering high dividends, such as banks and insurers, could drive further investments. Buffett's confidence in Japan has also attracted other foreign investors, helping the Nikkei 225 index rise 17.7% so far in 2024.

**Brookfield Asset Management Ltd. (Brookfield)** – has announced plans to acquire European logistics real estate firm Tritax EuroBox plc (Tritax) in a deal valued at £1.1 billion (US\$1.44 billion), including debt. This acquisition highlights strong investor interest in warehouses and distribution centres, driven by the rise of e-commerce. Tritax had previously supported an all-share takeover offer from British warehouse owner Segro plc (Segro), but now plans to back Brookfield's cash bid instead. Segro's offer would have allowed Tritax shareholders to retain exposure to the European logistics sector or sell their shares in the future. Tritax board stated that Brookfield's cash offer provides more certainty for shareholders compared to Segro's proposal. The European logistics sector has remained a bright spot amid struggles in the broader commercial real estate market, with demand for warehouse space increasing. Tritax, which has properties in seven European countries, serves industries like manufacturing, retail, and e-commerce. Brookfield, a major player in global real estate, plans to integrate Tritax into its broader European logistics portfolio.

**Brookfield Corporation** – B. Riley Financial Inc. (B. Riley) has agreed to sell its Great American Group (Great American) unit, which specializes in asset valuation and advisory services, to Oaktree Capital Management LP for US\$386 million. The deal will help B. Riley reduce its debt and strengthen its balance sheet, addressing investor concerns about the investment bank's financial position, particularly its exposure to the Franchise Group, Inc., owner of The Vitamin Shoppe, Inc. B. Riley will receive \$203 million in cash and \$183 million in preferred units in a new holding company for Great American, along with a minority share of common units in that company. This sale allows B. Riley to reinvest in its core financial services while maintaining a stake in Great American for potential future growth.

**LVMH Moët Hennessy Louis Vuitton SE (LVMH)** – China has imposed temporary anti-dumping measures on imports of brandy from the European Union (EU), specifically targeting major French brands like Jas Hennessy & Co. (Hennessy) and Rémy Cointreau S.A. (Rémy Martin).

The decision comes shortly after the EU voted to introduce tariffs on Chinese-made electric vehicles (EVs). China's commerce ministry found that EU brandy was being dumped in its market, causing significant harm to its domestic industry. The measures primarily affect French brandy exports, which amounted to US\$1.7 billion last year, representing 99% of China's brandy imports. Analysts predict that the measures could raise brandy prices by 20% in China and reduce sales volumes by the same margin. While negotiations between Chinese and EU officials are ongoing, the outcome remains uncertain.



## DIVIDEND PAYERS



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**Citigroup Inc. (Citigroup)** – reported net income for the third quarter 2024 of US\$3.2 billion, or \$1.51 per diluted share, on revenues of \$20.3 billion. This compares to net income of \$3.5 billion, or \$1.63 per diluted share, on revenues of \$20.1 billion for the third quarter 2023. Revenues increased 1% from the prior-year period, on a reported basis. Excluding divestiture-related impacts, primarily consisting of an approximately \$400 million gain from the sale of the Taiwan consumer banking business in the prior year period, revenues were up 3%. This increase in revenues was driven by growth across all businesses, partially offset by a decline in the All Other category. Net income of \$3.2 billion decreased from \$3.5 billion in the prior-year period, primarily driven by higher cost of credit, partially offset by the higher revenues and lower expenses. Earnings per share of \$1.51 decreased from \$1.63 per diluted share in the prior-year period, reflecting the lower net income. Citigroup operating expenses of \$13.3 billion decreased 2%, both on a reported basis and excluding divestiture related impacts. This decrease in expenses was primarily driven by savings associated with Citigroup's organizational simplification and stranded cost reductions, partially offset by volume-related expenses and continued investments in transformation and other risk and control initiatives.

Citigroup cost of credit was approximately \$2.7 billion in the third quarter 2024, compared to \$1.8 billion in the prior-year period, largely driven by higher cards net credit losses and a higher allowance for credit losses (ACL) build for portfolio growth and mix. Citigroup's total allowance for credit losses was approximately \$22.1 billion at quarter end, compared to \$20.2 billion at the end of the prior-year period. Total ACL on loans was approximately \$18.4 billion at quarter end, compared to \$17.6 billion at the end of the prior-year period, with a reserve-to-funded loans ratio of 2.70%, compared to 2.68% at the end of the prior-year period. Total non-accrual loans decreased 34% from the prior year period to \$2.2 billion. Corporate non-accrual loans decreased 52% from the prior-year period to \$944 million. Consumer non-accrual loans decreased 6% from the prior-year period to \$1.2 billion.

Citigroup's end-of-period loans were \$689 billion at quarter end, up 3% versus the prior-year period, largely reflecting growth in cards in U.S. Personal Banking (USPB) and higher loans in Markets and Services. Citigroup's end-of-period deposits were approximately \$1.3

trillion at quarter end, up 3% versus the prior-year period, largely due to an increase in Services, driven by the continued deepening of client relationships and operating deposit growth in both Treasury and Trade Solutions and Securities Services.

Citigroup's book value per share of \$101.91 at quarter end increased 3% versus the prior-year period, and tangible book value per share of \$89.67 at quarter end increased 3% versus the prior-year period. The increases were largely driven by net income, common share repurchases and beneficial movements in the accumulated other comprehensive income (AOCI) component of equity, partially offset by the payment of common and preferred dividends. At quarter end, Citigroup's preliminary Common Equity Tier 1 (CET1) Capital ratio was 13.7% versus 13.6% at the end of the prior quarter, driven by net income and unrealized gains on available for sale securities recognized in AOCI, partially offset by the payment of common and preferred dividends and common share repurchases, as well as higher risk weighted assets. Citigroup's Supplementary Leverage ratio for the third quarter 2024 was 5.8% versus 5.9% in the prior quarter. During the quarter, Citigroup returned a total of \$2.1 billion to common shareholders in the form of dividends and share repurchases.

**Toronto-Dominion Bank (TD Bank)** – announced that, following several years of active cooperation and engagement with authorities and regulators, it has reached a resolution of previously disclosed investigations related to its U.S. Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) compliance programs. TD Bank and certain of its U.S. subsidiaries have consented to orders with the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board, and the Financial Crimes Enforcement Network (FinCEN) and entered into plea agreements with the Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and the United States Attorney's Office for the District of New Jersey.

Details of the resolution include:

- A total payment of approximately US\$3.09 billion, largely covered by previous provisions of US\$3.05 billion.
- Requirements to remediate the Bank's U.S. AML program, broadly aligned to its existing remediation program, which is progressing steadily under the direction of its new U.S. AML leadership team.
- Requirement to prioritize the funding and staffing of the remediation, which is already in place.
- Formal oversight of the AML remediation through a Monitorship.
- The total assets of TD Bank's two U.S. banking subsidiaries (TD Bank, NA and TD Bank USA, NA) ("US Bank") cannot exceed US\$434 billion (total assets as at September 30, 2024); the limitation does not apply to TD Securities, or any of the Bank's Canadian or other global businesses.
- The U.S. Bank is subject to more stringent approval processes for new bank products, services, markets, and stores to ensure the AML risk of new initiatives is appropriately considered and mitigated.

Plans are in place to address the requirements and limitations contained in the consent orders, including adjustments to the Bank's U.S. balance sheet. These actions will provide the asset capacity required to serve and support U.S. customers' financial needs without interruption, now and into the future. TD Bank has the financial strength, stability, and operational flexibility to deliver the required U.S. AML remediation program, continue to serve the financial needs of its more than ten million U.S. customers, and invest to strengthen the business. "We have taken full responsibility for the failures of our U.S. AML program and are making the investments, changes and enhancements required to deliver on our commitments. This is a difficult chapter in our Bank's history. These failures took place on my watch as Chief Executive Officer (CEO) and I apologize to all our stakeholders," said Bharat Masrani, Group President and CEO, TD Bank. "I want to thank our colleagues, who continue to demonstrate their dedication and who play an important role in preventing criminal activity." TD Bank has actively cooperated in good faith with regulators and the Department of Justice throughout their investigations and continues to assist in the prosecution of the criminals who leveraged its AML program weaknesses, including five of its store-level employees. "Money laundering is a serious global threat, and our U.S. operation did not maintain an adequate AML program to thwart criminal activity. The Board has and continues to take action to address these failures and hold those responsible accountable. We have appointed new leaders across our U.S. operations, overhauled our U.S. AML team, and prioritized investments to drive the required changes," said Alan MacGibbon, Chair of the Board, TD Bank. "Enhancing our program and meeting our obligations today and into the future is the number one priority of the Board and management."

#### U.S. AML PROGRAM REMEDIATION

"Criminals were able to exploit our systems and our U.S. AML program did not deliver. We continue to work with purpose, focus and urgency to remediate our AML program and earn back the trust of our regulators and other stakeholders. We are committed to working productively with the Monitorship to build a sustainable AML program and meet our obligations under the terms of the resolution," said Leo Salom, President and CEO, TD Bank, America's Most Convenient Bank. "Our U.S. operation is strong, and we will continue to serve the needs of the 10 million households and businesses in the U.S. who rely on us for their financial goals."

A significant, multi-year effort is required to implement a strong, effective, and sustainable AML program. Work is underway, and progress to date includes:

- AML program leadership and talent, including the appointment of new U.S. Head of Financial Crime Risk Management and BSA/AML Officer, with proven leadership and experience. Added 40 new leaders and over 700 new AML specialists with experience and qualifications in money laundering prevention, financial crimes, and AML remediation.
- Strengthened oversight structure and accountability across all three lines of defense, starting at the front lines and carrying through to risk management and audit teams. Established a dedicated committee at the U.S. boards for AML/BSA oversight.

- Introduced new standards, processes, and stronger bank-wide training to better prevent, detect and measure financial crime risk, and improve escalation and decision-making.
- Deployed new data-driven technology solutions with stronger detection and data management, analytics, and modelling capabilities; additional work underway to build long-term sustainable risk mitigation.

TD Bank is committed to the critical work effort ahead and has mobilized the required resources to deliver its long-term U.S. AML remediation program.

## LIFE SCIENCES



**Amgen Inc. (Amgen)** – announced positive Phase 3 results for UPLIZNA® (inebilizumab-cdon) in treating generalized myasthenia gravis (gMG) – a chronic autoimmune disorder – at the American Association of Neuromuscular & Electrodiagnostic Medicine (AANEM) Annual Meeting. The Myasthenia Gravis Inebilizumab (MINT) trial, a randomized, double-blind, placebo-controlled study, demonstrated statistically significant improvement in the Myasthenia Gravis Activities of Daily Living (MG-ADL) score for patients receiving UPLIZNA compared to placebo. Amgen’s Chief Scientific Officer (CSO), Dr. Jay Bradner, highlighted UPLIZNA’s potential to provide long-term symptom relief and emphasized the drug’s targeting of key immune cells involved in the disease.

**Clarity Pharmaceuticals Ltd. (Clarity)** – announced positive feedback from the United States Food and Drug Administration (FDA) regarding its pivotal Phase III trial, AMPLIFY (64 Cu-SAR-bisPSMA Positron Emission Tomography), for the use of 64Cu-SAR-bisPSMA diagnostic in prostate cancer patients experiencing biochemical recurrence (BCR). This trial will involve approximately 220 participants and aims to assess the efficacy of 64Cu-SAR-bisPSMA Positron Emission Tomography (PET)/Computed Tomography (CT) imaging in detecting cancer recurrence at two time points: same-day and next-day imaging. The AMPLIFY trial is based on encouraging results from previous studies, including the COBRA (64Cu-SAR-bisPSMA in Biochemical Recurrence of Prostate Cancer) and PROPELLER (64Cu-SAR-bisPSMA in Patients with Untreated Prostate Cancer) trials, which demonstrated significantly higher uptake in cancer lesions compared to standard imaging and the ability to detect smaller lesions. Patient recruitment for the AMPLIFY trial is expected to begin in early 2025, and the trial’s outcomes will support an application to the FDA for approval of 64Cu-SAR-bisPSMA as a new diagnostic agent for prostate cancer.

**Clarity Pharmaceuticals Ltd. (Clarity)** - has appointed Ms. Michelle Parker as Chief Executive Officer (CEO), effective October 11, 2024.

Ms. Parker, who has over 20 years of experience in nuclear medicine and pharmaceuticals, previously served as Clarity’s Chief Clinical Officer (CCO) and has played a key role in advancing the company’s clinical strategy, overseeing seven ongoing trials. Dr. Colin Biggin will continue as Chief Operating Officer (COO) and focus on strengthening the company’s manufacturing and supply chains in preparation for commercial launch. Dr. Biggin has been with Clarity since 2017 and previously led projects at Algeta ASA, contributing to the launch of the radiopharmaceutical Xofigo®.

**Perspective Therapeutics, Inc. (Perspective)** – announced advancements in its Phase 1/2a study of [212Pb]VMT01, a potential first-in-class radiopharmaceutical therapy for melanoma, presented at the 21st International Congress of the Society for Melanoma Research. Initial results showed that the treatment was safe, with no dose-limiting toxicities at doses of 3.0 and 5.0 millicurie (mCi). Patients receiving the lower dose (3.0 mCi) exhibited prolonged progression-free survival and tumor responses. The study is now progressing to test a lower dose of 1.5 mCi to optimize its immunostimulatory effects, both as a standalone treatment and in combination with nivolumab.

## NUCLEAR ENERGY

**Cameco Corporation (Cameco)** – Westinghouse Electric LLC (Westinghouse) and Seaspan ULC (Seaspan) have signed a memorandum of understanding to collaborate on expanding nuclear projects in Canada and internationally. With nuclear energy gaining renewed interest as a clean energy source, countries like Italy, the UK, China, and the U.S. are turning to nuclear technology companies like Westinghouse to help achieve carbon emission goals. Seaspan, known for shipbuilding and maintenance, could manufacture essential components for Westinghouse’s nuclear reactors, such as pipe spools and steel structures. This partnership aligns with Seaspan’s expertise in handling large-scale manufacturing projects, which fits the needs of complex nuclear reactor developments. Westinghouse, supported by Cameco and Brookfield Renewable Partners L.P., views the deal as a way to further develop Canada’s nuclear supply chain.

**Centrus Energy Corp. (Centrus)** – The U.S. Department of Energy has awarded contracts to six companies—Centrus, Orano USA, GE Vernova, BWXT Technologies, Inc., Framatome Inc., and Westinghouse—to process high-assay low-enriched uranium (HALEU), a specialized fuel for next-generation advanced reactors. Currently, Russia is the only country producing HALEU at commercial levels. These contracts will support the deconversion of gaseous uranium into oxide or metal forms for reactor fuel, helping boost U.S. energy security and support clean energy goals. HALEU, enriched between 5% and 20%, is more efficient for advanced reactors compared to the 5% enrichment used in existing reactors. The U.S. administration sees nuclear energy as key for reducing emissions and meeting growing energy demands. Each company will receive a minimum of \$2 million, with up to \$800 million available over the 10-year contracts, depending on appropriations.

**Constellation Energy Corporation (Constellation)** – Microsoft Corporation (Microsoft), Alphabet Inc. (Alphabet), Meta Platforms, Inc. (Meta), Amazon.com, Inc. (Amazon), and other tech companies have proposed a new framework for how data centres should pay for power in Ohio. This comes after they opposed a plan introduced by American Electric Power Ohio (AEP) in May, which would require pre-payments and financial assurances from data centres and cryptocurrency miners due to their high energy demands. AEP said it was overwhelmed by energy requests from these industries. Ohio has become a hotspot for data centres as tech companies expand to support technologies like generative AI, driving up power demand. AEP Ohio even paused new contracts with data centres earlier this year due to the surge in demand. Now, Big Tech companies, along with energy firms like Constellation, have offered a settlement that would broaden AEP’s rules to cover more types of customers and outline when large energy users should help pay for costs like transmission upgrades. Any settlement would require approval from the Public Utilities Commission of Ohio.

**Constellation** – The U.S. administration is working to bring decommissioned nuclear reactors back online to meet growing demand for emissions-free electricity. Two projects are underway: recommissioning Holtec’s Palisades nuclear plant in Michigan and potentially restarting a unit at Constellation’s Three Mile Island plant in Pennsylvania. Additional plants may follow, though details were not provided. This effort is part of U.S. government’s plan to boost nuclear power, including developing small modular reactors (SMRs) and advanced reactors, with a goal to triple U.S. nuclear capacity. A \$1.52 billion loan has been secured to restart Holtec’s Palisades and Constellation and Microsoft are supporting the revival of the Three Mile Island unit.

**Doosan Enerbility Co., Ltd. (Doosan)** – is strengthening its partnerships with Philippine power companies through two signed Memorandums of Understanding’s (MOUs) aimed at enhancing the country’s energy infrastructure. One agreement with Meralco Electric Company (Meralco) focuses on developing nuclear power plants, small modular reactors and gas turbines. The second MOU with Quezon Power (Philippines) Limited Co. (Quezon) involves a collaboration on a 1,200 megawatts (MW) combined cycle power plant project, where Doosan will manage the engineering, procurement, and construction, while Quezon will handle project development and regulatory approvals.

**Oklo Inc. (Oklo)** – has received approval from the U.S. Department of Energy (DOE) for its Conceptual Safety Design Report (CSDR) for the Aurora Fuel Fabrication Facility (Aurora) at Idaho National Laboratory (INL). This milestone is crucial for Oklo as it works toward using recovered nuclear material to fuel its first commercial Aurora power plant. The facility will fabricate fuel from high assay low enriched uranium obtained from used Experimental Breeder Reactor-II fuel.



## ECONOMIC CONDITIONS

**US Consumer Price Index (CPI)** - A second straight high-side surprise in the core CPI will have the U.S. Federal Reserve questioning its aggressive start to the easing cycle. Inflation still has some spark. Consumer prices rose more than expected in September 2024, by 0.2%, despite a large decline in gasoline prices. Even food and auto prices, which had calmed down of late, perked up. Clothing prices popped 1.1%, the most in five months. A wider range of services contributed to the upside surprise, notably education, auto insurance, airfares and medical care (after two monthly declines). On the plus side, rents simmered down to a 0.3% advance, with more to come given subdued asking rents. Core prices rose 0.3% for a second straight month, kicking the 3-month annualized pace up to 3.1% from just over 2%, and the yearly rate climbed a notch to 3.3%. Even the super core prices, services less energy and rents, jumped 0.4%, hiking its 3-month rate to 3.8% from just under 2%, and keeping the yearly rate elevated at 4.3%.

**UK Gross Domestic Product (GDP)** - increased 0.2% month over month (m/m) in August 2024, with no major surprises. Underlying the headline number, services growth posted a slightly lower than expected 0.1% m/m increase, while manufacturing jumped 1.1% m/m. Softer services output came in part from a pull-back in entertainment and recreation in August, as well as the administrative and support services sector. Scientific and “other” service activities contributed the most to service sector growth. The pickup in GDP growth in August, even with the softer services print, is welcome, as GDP growth in the UK was 0% m/m in 3 of the last 4 months prior to August, despite the country posting the strongest growth in the Group of Ten (G10) in the first half of 2024. The Monetary Policy Committee shouldn’t make too much of this one way or another, as they still remain focused on inflation and wage data.

**Canadian Employment** – rose 47 thousand in September 2024, above consensus expectations for a 27 thousand increase. The participation rate, meanwhile, declined two ticks to 64.9%. This translated into a one-tick decrease in the unemployment rate to 6.5%, two ticks below consensus expectations. The increase in employment was the result of full-time positions expanding 112 thousand, more than offsetting the 65 thousand decline in part-time positions. Meanwhile, the number of jobs in the private sector rose 61 thousand, while self-employment rose 9 thousand. Employment in the public sector (-24 thousand), for its part, contracted. Service-producing industries outperformed in September, with employment rising 50 thousand. Trade (+22 thousand), information/culture/recreation (+22 thousand), and professional/scientific/technical services (+21 thousand) registered the biggest increases, while employment was down in education (-12 thousand) and health care (-9 thousand). The goods sector didn’t fare as well, with employment down 4 thousand. Gains here were registered in construction (+8 thousand) and utilities (+2 thousand), while agriculture (-5 thousand), manufacturing

(-5 thousand) and the resources (-4 thousand) sectors were down. Employment in the core age cohort (25-54) expanded 34 thousand while employment among the 15-24 years old was up 33 thousand. Jobs in the cohort of people 55 and over (-20 thousand) contracted. Regionally, there were job gains in Ontario (+43 thousand) and Québec (+22 thousand), while employment was down in British Columbia (-18 thousand) and Alberta (-8 thousand). Hours worked were down 0.4% in September after declining 0.1% in August. Wages were up 4.5% on a y/y basis in September (down from 4.9% in August).

**Canadian CPI** – fell 0.4% in September 2024 following a 0.2% pullback in August, one tick below consensus expectations (in not seasonally adjusted terms). In seasonally adjusted terms, headline prices were flat following a 0.1% increase the prior month. This translated to an annual inflation rate of 1.6%, down from 2.0% in August and the lowest since February 2021. Prices increased in 6 of the 8 categories surveyed, namely, in order of magnitude, health/personal care (+0.4%), alcohol/tobacco (+0.3%), food (+0.2%), shelter (+0.1%), household operations (+0.1%) and recreation/reading (+0.1%). Meanwhile, prices declined in clothing/footwear (-0.3%), and transportation (-0.4%). Annual inflation was above the national average in British Columbia (+2.0%), Ontario (+1.9%) and Alberta (+1.9%). It was below that mark in Québec (+1.3%) and the rest of the provinces. Core inflation measures were as follows: 2.4% for CPI trim (unchanged from last month) and 2.3% for CPI median (unchanged from last month). As a result, the average of the two measures remained unchanged at 2.4%.

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**FINANCIAL CONDITIONS**

**Reserve Bank of New Zealand** - cut interest rates 50 basis points (bps) as broadly expected, taking the Official Cash Rate to 4.75%. The tone of the interest rate decision was generally a cautious one and reaffirms our view that the central bank is likely to cut interest rates another 50bps at its next meeting in November.

The U.S. 2 year/10-year treasury spread is now 0.12% and the U.K.'s 2 year/10-year treasury spread is 0.04%. 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 6.32%. Existing U.S. housing inventory is at 4.2 months supply of existing houses as of September 19, 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 19.57 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

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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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#### RISK TOLERANCE

Risk tolerance measures the degree of uncertainty that an investor can handle regarding fluctuations in the value of their portfolio. The amount of risk associated with any particular investment depends largely on your own personal circumstances including your time horizon, liquidity needs, portfolio size, income, investment knowledge and attitude toward price fluctuations. Investors should consult their financial advisor before making a decision as to whether this Fund is a suitable investment for them.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns including changes in units [share] value and reinvestment of all distributions [dividends] and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. The rates of return are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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