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# NEWS HIGHLIGHTS

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

**OCTOBER 29, 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)** – Nvidia Corporation (Nividia) Chief Executive Officer (CEO) Jensen Huang struck a partnership with Mukesh Ambani, to build out artificial intelligence infrastructure and spur the technology's adoption in the Indian market. The two executives shared the stage at Nvidia's Artificial Intelligence (AI) summit in Mumbai last week and said a new major data center by Reliance in India is set to use the latest Blackwell chips from the United States (U.S.) company. India has emerged as a potentially major AI arena, with the country of 1.4 billion adopting the technology in industries including agriculture, education and manufacturing to boost efficiency. While still a small part of their revenue, global tech companies from Nvidia to Microsoft Corporation (Microsoft) and Meta Platforms, Inc. (Meta) are betting on the rapidly growing economy as a growth market that can emerge as an alternative to China. A 1 gigawatt (GW) Reliance data center under construction in Gujarat state will use Nvidia's Blackwell Artificial Intelligence Graphics Processing Units (GPUs), making it among the first to deploy the powerful new chips. Nvidia's customers such as Amazon Web Services, Inc. (AWS) are also in the process of starting to use the product, with AWS expecting them to be online next year. Nvidia products have become a prized commodity among data center operators, which use the chips to develop AI software and services. The company acknowledged in August that Blackwell proved more difficult to produce than anticipated. The company said that it was making changes to improve its manufacturing yield, the number of functioning chips that come out of factories. Nvidia began its operations in Bangalore, southern India, two decades ago and also has development centers in three other cities in the country, with a total of about 4,000 engineers, its largest employee base after its home country. Reliance is building a range of AI tools and applications called JioBrain, an advanced AI platform, Ambani said at the company's live-streamed shareholders meeting in August, during which he mentioned the term AI at least 80 times. While India boasts a burgeoning digital economy, its AI infrastructure is still developing. The government has set aside US$1.2 billion under the India AI Mission to build data centers vital to building AI systems and commercializing technologies.

**Reliance** - On October 29, 2024 Reliance allotted 6,766,186,449 equity shares of INR 10 each as fully paid-up bonus equity shares, in the proportion of 1:1. (1 new fully paid-up equity share of INR 10 each for every 1 existing fully paid-up equity share of INR 10 each), to the eligible members of the Company whose names appeared in the Register of the Beneficial Owners, as on October 28, 2024, the Record Date fixed for this purpose. In other words, the shareholders will see their shareholding double without any additional investment. This is Reliance's sixth bonus issue and the largest in Indian history.

**Samsung Electronics Co., Ltd. (Samsung)** – At the recent summit in Santa Clara, California, industry heavyweights including NVIDIA, Qualcomm Incorporated (Qualcomm), Google LLC. (Google), and Samsung came together to explore the potential of a new chip architecture. This collaborative effort signals a shift towards open-source computing, positioning this new architecture as a strong alternative to the well-established Advanced RISC Machine (Arm) and x86 architectures. Qualcomm doubled down on its commitment to this new product, using the summit to introduce new approaches for refining the instruction set architecture. The company also participated in a panel discussion with NVIDIA and other tech leaders, covering the evolving relationship between AI development and secure computing. Samsung, meanwhile, showcased how these types of Central Processing Units (CPUs) are becoming integral to its embedded systems. The company highlighted its efforts to boost chip performance and revealed how Samsung Foundry, a division of Samsung Electronics that provides advanced semiconductor manufacturing services is helping clients push the boundaries with this technology.

**BGC Group, Inc. (BGC)** – a global brokerage and financial technology company, has announced an agreement to acquire OTC Global Holdings, LP (OTC), the largest independent institutional energy and commodities brokerage firm. This acquisition will enhance BGC's Energy, Commodities, and Shipping (ECS) business by expanding its global reach and product offerings. OTC operates across North America, Europe, and Asia, providing services in crude and refined products, petrochemicals, natural gas, ship brokerage, and biofuels. The acquisition will create a comprehensive platform to serve the global energy and commodities markets. BGC's Chairman and CEO, Howard Lutnick, highlighted the complementary nature of OTC's business, expressing confidence that the combination will strengthen BGC's position in the global market. Joe Kelly, CEO of OTC, also noted the potential for growth and innovation through this partnership.

**Brookfield Asset Management Ltd. (Brookfield)** – Barclays plc (Barclays) has resumed discussions with Brookfield about selling a stake in its British merchant payments business. The deal would make Brookfield the majority stakeholder, providing the capital needed for the business's growth. Barclays initially aimed to value the unit at over £2 billion (US$2.5 billion) but had difficulty securing a buyer at that price. Brookfield, which manages assets worth over $825 billion, had previously dropped out of bidding due to the valuation. Barclays confirmed it is considering strategic partnerships for its merchant acquiring business.

## DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

**Verizon Communications Inc. (Verizon)** - reported third-quarter 2024 results with customer growth in mobility and broadband. The company also continued its momentum in its three financial priorities of wireless service revenue, consolidated adjusted EBITDA and free cash flow. "This has been a pivotal quarter for Verizon, with transformative strategic moves and continued operational excellence. We continue to deliver strong results in mobility and broadband, and we are on track to meet our full-year 2024 financial guidance, with wireless service revenue and adjusted EBITDA trending at or above the midpoint of the guided range," said Verizon Chairman and CEO Hans Vestberg. "Our new products — myPlan, myHome and Verizon Business Complete — and our brand refresh are resonating with customers. Through our pending acquisition of Frontier Communications Parent, Inc. (Frontier), and our agreement for Vertical Bridge REIT, LLC (Vertical Bridge) to lease, operate and manage thousands of wireless communications towers, we have set Verizon up for disciplined growth, now and into the future." For third-quarter 2024, Verizon reported earnings per share of US$0.78, compared with earnings per share of $1.13 in third-quarter 2023. On an adjusted basis, excluding special items, earnings per share (EPS) was $1.19 in third-quarter 2024, compared with adjusted EPS of $1.22 in third-quarter 2023. Reported third-quarter 2024 financial results reflected $2.3 billion in charges related to special items. This included a severance charge of $1.7 billion related to separations under the company's voluntary separation program for select U.S.-based management employees as well as other headcount reduction initiatives; an asset and business rationalization charge of $374 million predominantly related to the decision to cease use of certain real estate assets and exit non-strategic portions of certain businesses; and amortization of intangible assets of $186 million related to Tracfone Wireless, Inc. (Tracfone) and other acquisitions.

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**Amgen Inc. (Amgen)**– is preparing to launch its biosimilar version of Regeneron's Eylea, named Pavblu, after the U.S. Court of Appeals lifted a temporary injunction that had blocked its release. The court rejected Regeneron's argument for maintaining the ban during ongoing litigation but expedited the legal process, with oral arguments scheduled for January.

**Bicycle Therapeutics plc (Bicycle)**– has announced first human imaging data at the European Association of Nuclear Medicine 2024 Congress, validating membrane type 1-matrix metalloproteinase (MT1-MMP) as a novel target for cancer treatment and showcasing the effectiveness of their Bicycle Radionuclide Conjugates (BRC®). The data indicate that BRCs can achieve high tumor uptake while significantly reducing kidney exposure. The company's strategy focuses on exploring new targets with a range of isotopes for developing first-in-class radiopharmaceuticals. Additionally, Bicycle has selected a second target and is collaborating with Eckert & Ziegler Strahlen- und Medizintechnik AG for isotope supply and BRC development.

**BridgeBio Pharma Inc.** – announced positive preliminary data from its Phase 1/2 CANaspire study of BBP-812, a gene therapy for Canavan disease (a rare genetic disorder affecting the brain), at a medical conference. The study showed significant and progressive improvements in motor function at 12 months post-treatment, contrasting with the expected disease progression observed in a comparator study. If approved, BBP-812 could become the first treatment option for children with this severe neurodevelopmental disorder, with some participants achieving milestones such as sitting and walking independently.

**Danaher Corporation (Danaher)**– reported third quarter (Q3) results for 2024, with net earnings of US $818 million, or $1.12 per diluted share, and non-GAAP ( **Non-Generally Accepted Accounting Principles** ) adjusted earnings of $1.71 per share. Revenues rose 3.0% year-over-year to $5.8 billion, while operating cash flow was $1.5 billion. CEO Rainer M. Blair highlighted positive momentum in the company's bioprocessing business and market share gains for Cepheid in molecular testing. Blair expressed confidence in Danaher's portfolio and execution strategy as key drivers for sustainable long-term value creation and improvement in human health.

**ICON plc** – reported its Q3 2024 financial results. Revenue for the quarter reached US $2.030 billion. Adjusted **Earnings Before Interest, Taxes, Depreciation, and Amortization**. (EBITDA) was $418.8 million, representing 20.6% of revenue. CEO Dr. Steve Cutler noted that revenue shortfalls compared to expectations were due to challenges with large customers and delays in biotech awards, prompting the company to realign resources accordingly.

**Olema Oncology** – presented new preclinical data at a medical conference, highlighting the anti-tumor activity of its novel inhibitor, OP-3136, both as a single agent and in combination with palazestrant. The data showed tumor growth inhibition and regression when OP-3136 was used alongside palazestrant, outperforming combinations with fulvestrant. Olema plans to submit an Investigational New Drug (IND) application for OP-3136 by the end of the year.

**Telix Pharmaceuticals Limited (Telix)**– announced that the (US Food and Drug Administration (FDA) has accepted its New Drug Application (NDA) for TLX101-CDx (Pixclara®), a brain cancer imaging agent, granting it priority review with a PDUFA goal date of April 26, 2025. Pixclara (18F-floretyrosine or 18F-FET) is a PET imaging agent designed to characterize progressive or recurrent glioma in both adult and pediatric patients. Pixclara has been designated as an orphan drug and granted fast track designation due to its potential to meet significant unmet medical needs in glioma diagnosis and management, particularly where conventional Magnetic Resonance Imaging(MRI) techniques fall short.

Telix is spinning off Rhine Pharma GmbH (Rhine Pharma) to enhance global access to innovative radiopharmaceuticals for cancer imaging and treatment. Rhine Pharma, developed in collaboration with Heidelberg University Hospital, focuses on a next-generation theranostic compound, RHN001, which utilizes technetium-99m(technetium) for Single Photo Emission Computed Tomography (SPECT) imaging and rhenium-188 for radioligand therapy. The spin-off aims to address the needs of regions with limited radiopharmaceutical manufacturing by utilizing on-site generators for isotope production, making it easier to deliver imaging and therapeutic solutions for advanced prostate cancer patients.

## NUCLEAR ENERGY

**Assystem S.A.** – reported revenue of €445.4 million for the first nine months of 2024, a 5.6% increase from the same period in 2023. The growth includes 5.2% organic growth, a 0.3% positive change in scope, and a slight 0.1% currency effect. Q3 revenue grew by 3.5% to €144.1 million, a slower pace than earlier quarters, driven by lower infrastructure activity in Saudi Arabia and slower-than-expected nuclear new-builds in France. In France, representing 63% of revenue, the company saw a 2.1% year-on-year increase, mainly due to strong nuclear sector growth, though offset by deconsolidation impacts. International revenue grew by 12%, driven by organic growth and acquisitions, although the third quarter saw a slowdown, particularly in Saudi Arabia, due to delayed infrastructure projects. Assystem revised its 2024 targets downward due to uncertainties in budget issues in France and the UK, affecting nuclear projects. The company now expects revenue of €610 million (previously €620 million) and an EBITA margin of around 6.5% (down from 7%).

**Cameco Corporation (Cameco)** – Uranium Royalty Corp. (URC) has acquired a 10% net profit interest (NPI) royalty on Cameco's Millennium and Cree Extension Uranium Projects in Saskatchewan, Canada, for US$6 million. The Millennium Project is one of the largest undeveloped uranium projects globally, with indicated resources of 75.9 million pounds of triuranium octoxide (U3O8) and inferred resources of 29.0 million pounds. The Cree Extension is an exploration-stage project. This acquisition provides URC exposure to over 12,800 hectares in the resource-rich Athabasca Basin, a top global mining jurisdiction. Cameco operates both projects and is a leading global uranium provider.

**Centrus Energy Corp. (Centrus)** – reported a net loss of US$5 million on $57.7 million in revenue for Q3 2024, compared to a net income of $8.2 million in Q3 2023. Key developments include $1.1 billion in new contingent commitments, bringing the year-to-date total to $2 billion to support Low-Enriched Uranium (LEU) production. Centrus also secured significant U.S. Department of Energy (DOE) contracts for High Assay Low-Enriched Uranium (HALEU) production. The company continues to produce HALEU at its Ohio facility and has a backlog of $3.8 billion, extending through 2040. The recent ban on Russian uranium imports may affect future operations, although Centrus received a waiver for some imports through 2025.

**Constellation Energy Corporation (Constellation)** – U.S. nuclear regulators have begun reviewing Constellation's plans to restart the Unit 1 reactor at the retired Three Mile Island nuclear plant in Pennsylvania. Constellation, which signed a 20-year power purchase agreement with Microsoft Corporation (Microsoft), aims to reopen the plant by 2028, delivering power to support Microsoft's data center operations. The company presented its case to the Nuclear Regulatory Commission (NRC), requesting to restore the plant's operating license and extend its lifespan under the new name, Crane Clean Energy Center. The NRC raised questions about emergency evacuation plans, water use permits, and the relationship between the restart of Unit 1 and the decommissioning of Unit 2, which began last year. Unit 1 was shut down in 2019 due to economic challenges, but Constellation now believes it is feasible to restart the 835-megawatt reactor, with physical restoration work expected to start in 2025 at an estimated cost of US$1.6 billion. If successful, this would mark the first time a retired nuclear reactor has been restarted, with the NRC needing to complete an environmental assessment and grant other necessary permits before the project proceeds.

## ECONOMIC CONDITIONS

**U.S. Existing Home Sales** - U.S. existing home sales unexpectedly fell for the second month in a row, down 1.0% in September (or 3.5% year over year ( y/y)) to 3.84 million units annualized, the lowest since 2010. There was an upward revision to the prior month but that is neither here nor there. Sales were down for both single family residences (-0.6%) and multi-family residences (-5.1%) and fell everywhere except in the West. There was a little more on the market but supply is still an issue with months' supply just barely over 4. It will take more interest rate cuts to get things moving. There are still not enough housing options out there .... Tudor style, ranch, bungalow. For the biggest purchase of one's life, one would like to have a choice. The inventory of homes available to be bought are up 23.0% y/y but are still bobbing around very low levels. This equates to 4.3 months' supply for total homes, or 4.2 for single-family residences. During normal times, that figure should be around 5 or 6. Furthermore, the lack of affordability has been contributing to this issue. Median prices may be down 5.2% from the highs in June, but they're still up 3% y/y. Meantime, at 6.52%, the 30-year mortgage rate has been edging higher over the past month and is up about 40 basis points (bps) from its 2-year lows. This limits who is buying, or who is able to buy. First-time home buyers accounted for 26% of sales last month, down from over 30% half a year ago. Even repeat homebuyers saw their share of sales fall to 44%. But those with deep pockets picked up.... all-cash purchases accounted for 30%, the most in over half a year.

**U.S. Durable Goods Orders** - U.S. durable goods orders fell for a second consecutive month in September, down 0.8%, but looking under the hood beyond Boeing aircraft orders, and the trends look just fine. The drop was somewhat less than the consensus forecast of -1.0%, though please note August orders were revised down to -0.8% from a previously reported 0.0% as transportation orders received a large downward revision. The September decline in orders was once again primarily driven by a large 22.7% drop in nondefense aircraft orders. Minor order declines were also seen in computers and electronics (-0.3%) and machinery (-0.2%). On a more positive note, defense orders jumped 6.4% following a huge 8.4% increase in August, fabricated metals orders leaped 2.1%, and vehicles and parts orders climbed an impressive 1.1% last month. Many months of brutal Boeing order declines have pushed nondefense aircraft orders down 43.9% from a year ago. Overall durable goods orders are now down 2.1% from a year ago. However, once transportation orders are excised from the numbers, durable orders appear to be holding up just fine and growing at a decent pace over the past two months. Durable goods orders excluding transportation climbed a better than expected 0.4% following an upwardly revised 0.6% gain in August. Orders for non-defense capital goods excluding aircraft, a closely watched proxy for business spending plans, increased a consensus beating and solid 0.5% last month following a healthy 0.3% gain in August.

**U.S. Job Openings** – The September Job Openings and Labor Turnover Survey report had job openings falling to 7.443 million from August's downwardly-revised 7.861 million (was 8.040 million). The combination makes it seem a little more clearly that we're on a downward trend, after last month's numbers had suggested that we'd hit a plateau. September's print is well below the consensus call of 8.000 million, and the lowest since January 2021. It's almost down to what it was five years ago (September 2019's 7.124 million), and could add a bit to the US Federal Reserve's increasing worries about downside labour market risks. Part of the decline could be attributed to an increase in hiring, from 5.435 million to 5.558 million, though that's only a four-month high. Separations rose from 5.168 million to 5.196 million, and within that we saw some weak dynamics: the number of layoffs and discharges jumped from 1.668 million to 1.833 million, and the number of quits (generally taken as a sign of strength) slipped from 3.178 million to 3.071 million. In terms of rates, the job openings rate slipped 0.2 percentage points (pp) to 4.5%, its weakest since December 2020. The hires rate ticked up to 3.5%, a four-month high, separations remained at 3.3%, and the quits rate edged down to 1.9%, its lowest since June 2020. By industry, the declines were very broad, suggesting weakness in a number of areas in this month's employment report. Health care and social assistance openings (1.306 million) were down 178,000, government openings (817,000) fell 132,000, trade/transport/warehousing (997,000) was down 134,000, and accommodation/food services (815,000) fell 102,000. The only notable gains were in financial activities (+93,000 to 467,000) and professional/business services (+77,000 to 1.531 million).

## FINANCIAL CONDITIONS

**Bank of Canada** - The rate cutting cycle was turned up a notch as the Bank of Canada lowered its target for the overnight rate by 50 bps to 3.75%, a decision in line with consensus and market expectations. This fourth cut in as many meetings marks a cumulative rate reduction of 125 bps and brings the policy rate to its lowest point since December 2022. The move also pushes the Bank of Canada's policy rate 125 bps below the US Federal Reserve's, though an expected November US Federal Reserve cut would narrow that gap. Meanwhile, balance sheet normalization will continue as expected. Driving the decision to cut 50 bps was a desire to "support economic growth" and to "keep inflation close to the middle of the 1% to 3% range". As for forward rate guidance, the Bank of Canada says, "we expect to reduce the policy rate further" if the economy evolves "broadly in line with our latest forecast". As always, the "timing and pace" of further cuts, will be guided by incoming information. Despite recent soft data, the Bank of Canada still expects relatively solid gross domestic product (GDP) growth ahead: "GDP growth is forecast to strengthen gradually over the projection horizon, supported by lower interest rates." The Bank of Canada implicitly downplayed the September jobs report, as the statement simply says, "the labour market remains soft". Still, they note that wage growth "remains elevated relative to productivity growth". The Bank of Canada highlights that inflation has "declined significantly" thanks to excess supply in the economy. Breadth of price increases have normalized, as have inflation expectations. Policymakers now expect inflation to "remain close to target over the projection horizon, with the upward and downward pressures roughly balancing out".

The U.S. 2 year/10 year treasury spread is now 0.18% and the U.K.'s 2 year/10 year treasury spread is 0.06%. 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 6.54%. Existing U.S. housing inventory is at 4.3 months supply of existing houses as of Oct 23, 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 19.46 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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