NOVEMBER 11, 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) - The merger between Reliance and The Walt Disney Company's India operations is ex-pected to conclude early next week, with the new entity likely to be named Jio Star. Sources confirmed that the merger will be fi-nalised by Tuesday, and the newly formed company will begin operations on Wednesday. Sources further told BestMediaIn-fo.com that on Sunday, November 10, emails of Star India Private Limited (Star India) employees migrated to a new name, jio-star.com, hinting that the new entity's name will be Jio Star. The merger's completion will be officially announced following a board meeting chaired by Nita Ambani on Wednesday. There have been several leadership changes during the ongoing merger pro-cess between the two companies. Kevin Vaz and Kiran Mani, the current Chief Executive Officers (CEOs) of Viacom18 Media Pri-vate Limited's (Viacom18) broadcast and digital clusters, will be-come co-CEOs of the merged entity. Vaz, previously with Disney Star Private Limited (Disney Star), will lead the broadcast and en-tertainment divisions, while Mani, a former Google LLC executive, will oversee digital and sports. Meanwhile, JioCinema has ap-pointed Ishan Chatterjee, formerly of YouTube, as Chief Business Officer, and Sushant Sreeram as Chief Marketing Officer. Post-merger, the company plans to leverage Disney+ Hotstar as its flagship streaming service, which will once again feature the In-dian Premier League, big-ticket games, domestic cricket, and In-ternational Cricket Council (ICC) events.

Reliance - Mukesh Ambani targets a 2025 Mumbai stock ex-change listing for his telecom business Reliance Jio Infocomm Limited (Reliance Jio), valued by analysts at over US$100 billion, and plans to launch his retail unit's Initial Public Offering (IPO) much later, two people familiar with the matter told Reuters News & Media. Ambani hasn't updated his IPO timelines after saying in 2019 that Reliance Jio and Reliance Retail would "move towards" a listing within five years. In recent years, Ambani, raised $25 bil-lion collectively for digital, telecom and retail businesses from the likes of Kohlberg Kravis Roberts & Co. Inc. (KKR), General At-lantic Service Company, L.P. (General Atlantic) and Abu Dhabi In-vestment Authority (ADIA), valuing both ventures at above $100 billion. The two sources said Reliance has now firmed up plans to launch the Reliance Jio IPO in 2025 as it internally believes it has achieved a stable business and revenue stream in becoming India's No. 1 telecom player with 479 million subscribers. But the retail business IPO is not expected until after 2025 as the compa-ny first needs to address some internal business and operational challenges, said the first source. Reliance did not respond to a request for comment. The sources said there was no internal de-cision yet on a valuation of Reliance Jio and bankers haven't yet been appointed, but Jefferies in July pegged the company's esti-mated IPO valuation at $112 billion. Reliance, however, aims for the 2025 Reliance Jio IPO to be India's biggest ever, overtaking Hyundai Motor Company India's record $3.3 billion IPO this year, said the first source. Both the sources, who declined to be named as the discussions are private, said the IPO timelines can still change.

Samsung Electronics Co., Ltd. (Samsung) – The Biden admin-istration is racing to complete agreements under the CHIPS and Science Act with companies like Intel Corporation (Intel) and Samsung, aiming to shore up one of its signature initiatives be-fore President-elect Donald Trump enters the White House. The Commerce Department has allocated more than 90% of the US$39 billion in grants under the 2022 CHIPS and Science Act, a landmark law designed to rebuild the domestic chip industry. But the agency has only announced one binding agreement so far. The next two months will prove critical for more than 20 companies still in the process. Some of them, including Taiwan Semiconductor Manufacturing Co. and GlobalFoundries Inc., have wrapped up negotiations and expect to make final award an-nouncements soon, people familiar with the matter said. Others like Intel, Samsung and Micron Technology, Inc., are still working through some substantive details of their contracts, according to other people, who asked not to be identified because the con-versations are private. Officials have long aimed to square away as many deals as possible by the end of 2024, allowing funds to start flowing to companies that hit specific milestones. Trump's victory now adds urgency to the situation because the Biden team wants to insulate its industrial policy initiatives from parti-san politics. Chipmakers also want to avoid renegotiating terms with a new administration. The CHIPS and Science Act, which includes billions in loans and 25% tax credits in addition to the grants, has lured commitments from companies to spend around $400 billion on US factories. The Democratic administra-tion sees the bipartisan program as one of its key accomplish-ments, but the president-elect and his allies have attacked the law in recent days. Last month, Trump criticized the initiative as "so bad" and suggested tariffs would be a better solution. Re-publican House Speaker Mike Johnson then said his party would seek to "streamline" the law, as he walked back earlier remarks that Republicans would "probably" seek a repeal.

Brookfield Asset Management Ltd. (Brookfield) – Brookfield Business Partners L.P. posted solid financial results for Q3 2024, with net income attributable to unitholders reaching US$301 mil-lion, a significant turnaround from a $44 million loss in the prior year. Adjusted EBITDA was $844 million, up from $655 million, driven by contributions from the advanced energy storage opera-tion benefiting from the United States (U.S.) Inflation Reduction Act (IRA) and a boost from the Industrials segment. The Industri-als segment recorded $500 million in Adjusted EBITDA, benefiting from the U.S. IRA's impact and growth in water and wastewater services. Business Services saw a slight dip to $228 million, affected by higher costs in dealer software upgrades. Infrastructure Services experienced a decrease to $146 million due to pre-vious contributions from divested operations like nuclear tech-nology services. Strategic moves included the sale of the shuttle tanker segment in offshore oil services for $1.9 billion, expected to close in 2025, and the acquisition of Network International Holdings PLC, integrating it with Brookfield's existing payment processing services. Brookfield Corporation also repurchased 428,511 units of Brookfield Business Partners L.P. The company ended the quarter with $1.5 billion in liquidity, rising to $1.6 bil-lion after recent transactions.

Brookfield Infrastructure Partners L.P. reported solid Q3 2024 re-sults, meeting its US$2 billion capital recycling target amid a fa-vourable investment environment bolstered by lower interest rates and increased deal flow, particularly in Artificial intelligence (AI)-related sectors. Despite a net loss of $52 million, impacted by corporate hedging and commodities losses, the partnership achieved strong operational growth, with Funds From Opera-tions (FFO) reaching $599 million, up 7% from the prior year. The utilities segment grew by 9%, while the transport segment saw a 50% boost, driven by acquisitions in global logistics and Brazilian rail and logistics. Midstream FFO dipped slightly due to capital recycling and higher financing costs, while the data segment's FFO rose 29%, supported by new investments in retail colocation data centers. Strategic moves included the acquisition of 76,000 telecom towers in India, rebranded as Altius, making Brookfield the largest telecom tower operator in India and second globally. Capital recycling efforts generated $600 million this quarter, cul-minating in approximately $2 billion for the year. Notably, Brookfield agreed to sell its Mexican natural gas business, netting $500 million and achieving a 22% Internal Rate of Return (IRR). Additional strategic achievements included a $1.25 billion recapitalization of its North American gas storage platform, enabling a $770 million distribution. The partnership anticipates further gains from the sale of its French Telecom Infrastructure fiber plat-form in Q4.

Brookfield Renewable Partners L.P. reported a strong third quar-ter (Q3) in 2024, marked by increased funds from asset monetiza-tions and strategic investments in renewable energy. The com-pany achieved US$278 million in funds from operations (FFO), an 11% increase from the prior year, largely due to new acquisitions, solid pricing, and asset development, although it posted a net loss of $181 million owing to non-cash expenses. Brookfield de-ployed $2.3 billion in capital, commissioning around 1,200 meg-awatts (MW) of new capacity, and advanced a record 7,000MW for the year. Major initiatives included the sale of assets, yielding over $2.3 billion, and favourable contract agreements within its North American hydro portfolio, which are expected to unlock up to $500 million for reinvestment. Brookfield's portfolio is benefit-ing from strong demand, particularly from global tech firms for clean energy to support data centres and AI projects, positioning it well in an environment where capital recycling and strategic partnerships, such as with Ørsted in offshore wind, drive value. With $4.6 billion in liquidity, Brookfield is leveraging a sustainable funding model that capitalizes on an attractive market backdrop for renewables and aims to meet its growth targets.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Nutrien Limited (Nutrien) - announced its Q3 2024 results, with net earnings of $25 million ($0.04 diluted net earnings per share). Q3 2024 adjusted EBITDA was US$1.0 billion and adjusted net earnings per share was $0.39. "Nutrien delivered higher Potash sales volumes and lower operating costs through the first nine months of 2024, utilizing the strengths of our six-mine network and global distribution capabilities to respond to increased cus-tomer demand. We are seeing strong crop nutrient demand in North America for the fall application season following a period of lower field activity in the third quarter," commented Ken Seitz, Nutrien's President and CEO. "We remain focused on strategic priorities that strengthen the advantages of our business across the ag value chain. This includes accelerating the timeline for achieving our annual consolidated cost savings target, further optimizing capital expenditures, delivering upstream fertilizer sales volume growth and advancing high-return downstream Re-tail growth opportunities. These initiatives provide a pathway for delivering structural improvements to our earnings and free cash flow through the cycle," added Mr. Seitz.

Nutrien generated net earnings of $582 million and adjusted EBITDA of $4.3 billion in the first nine months of 2024. Nutrien had retail adjusted EBITDA increased to $1.4 billion in the first nine months of 2024 support-ed by higher product margins in North America. Lowered full-year 2024 Retail adjusted EBITDA guidance to $1.5 to $1.6 billion as favorable growing conditions in North America resulted in re-duced pest pressure and lower field activity in the third quarter. Nutrien's potash adjusted EBITDA decreased to $1.6 billion in the first nine months of 2024 due to lower net selling prices, partially offset by record sales volumes of 11.1 million tonnes. Raised full-year 2024 Potash sales volumes guidance to 13.5 to 13.9 million tonnes due to the continued strength of global demand. Nutri-en's nitrogen adjusted EBITDA decreased to $1.4 billion in the first nine months of 2024 as lower net selling prices more than offset lower natural gas costs and higher sales volumes. Total ammonia production increased in the first nine months of 2024, driven by improved natural gas utilization and reliability at our operations in Trinidad. Nutrien accelerated operational efficiency and cost savings initiatives and expect to achieve approximately $200 million of annual consolidated savings by 2025, ahead of our initial target of 2026. Nutrien maintained total capital expend-itures guidance of $2.2 to $2.3 billion for 2024 and expect capital expenditures in a range of $2.0 to $2.1 billion in 2025 to sustain our assets and deliver on our growth initiatives. Nutrien repur-chased 1.5 million shares for a total of approximately $75 million in the second half of 2024 as of November 5, 2024.

CVS Health Corporation - announced operating results for the three months ended September 30, 2024. The Q3GAAP diluted EPS of US$0.07 decreased from $1.75 in the prior year and Ad-justed EPS of $1.09 decreased from $2.21 in the prior year, primar-ily due to a decline in the Health Care Benefits segment's operat-ing results, which reflect continued utilization pressure and premium deficiency reserves of approximately $1.1 billion record-ed in Q3 of 2024, related to anticipated losses in the fourth quar-ter (Q4) of 2024 within the Medicare and individual exchange product lines. The premium deficiency reserves are expected to be substantially released during the fourth quarter of 2024, bene-fiting results in that period. For the three months ended Septem-ber 30, 2024, compared to the prior year total revenues increased 6.3% primarily driven by growth in the Health Care Benefits and Pharmacy & Consumer Wellness segments, partially offset by a decline in the Health Services segment. Operating income de-creased 77.5% primarily due to the decrease in adjusted operat-ing income and restructuring charges of approximately $1.2 bil-lion recorded in the current year. Adjusted operating income de-creased 42.8% driven by a decline in the Health Care Benefits segment, primarily due to increased utilization and premium de-ficiency reserves recorded in Q3 2024 related to anticipated loss-es in the Q4 2024, partially offset by increases in the Health Ser-vices and Pharmacy & Consumer Wellness segments. Interest expense increased $59 million, or 8.5%, due to higher debt in the three months ended September 30, 2024, primarily driven by long-term debt issued in May 2024. The effective income tax rate increased to 32.4% compared to 25.0% primarily due to lower pre-tax income in the three months ended September 30, 2024, compared to the prior year.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – and AstraZeneca PLC announced posi-tive results from the Phase 3 WAYPOINT trial of TEZSPIRE® in pa-tients with chronic rhinosinusitis with nasal polyps. The trial demonstrated that TEZSPIRE® significantly reduced nasal polyp size and nasal congestion compared to a placebo. The drug's safety and tolerability were consistent with its known profile.

Iovance Biotherapeutics, Inc. – reported strong financial re-sults for Q3 2024, with total product revenue of US$58.6 million, driven by demand for its cancer treatment Amtagvi™ (Lifileucel) and Proleukin. Amtagvi™ revenue for the quarter was $42.1 mil-lion, reflecting increasing adoption in the U.S. The company re-affirmed its 2024 product revenue guidance of $160-$165 million and projected $450-$475 million for 2025. Iovance also provided updates on its international expansion, with marketing authori-zation applications for Amtagvi™ being reviewed in Europe. Addi-tionally, enrollment is accelerating in the Phase 2 registrational trial of IOV-LUN-202 for non-small cell lung cancer (NSCLC).

Lantheus Holdings, Inc. – reported strong Q3 2024 results, with worldwide revenue of US$378.7 million, an 18.4% increase from the same period in 2023. The company highlighted key develop-ments, including the Centers for Medicare & Medicaid Services (CMS) Calendar Year 2025 Hospital Outpatient Prospective Pay-ment System (OPPS) and ASC Payment System Proposed Rule (CY25 rule) that may improve payment for specialized diagnostic radiopharmaceuticals like PYLARIFY, which is expected to exceed $1 billion in sales in 2024. Additionally, the company expanded its Alzheimer's disease portfolio with the introduction of NAV-4694, a next-generation imaging agent for beta-amyloid detection. CEO Brian Markison emphasized the company's continued leadership in radiopharmaceuticals, particularly in oncology and Alzhei-mer's diagnostics, and its commitment to strategic growth.

RadNet, Inc. (RadNet) – reported financial results for Q3 2024, with total revenue increasing 14.7% year-over-year(y/y) to US$461.1 million, driven by growth in both its Imaging Center and Digital Health segments. The Digital Health segment saw a 34.3% revenue increase, including a 75.8% jump in AI revenue, largely due to the success of its AI-powered breast cancer detection program. Adjusted EBITDA grew by 27.2% to $73.7 million, and the company raised its 2024 full-year guidance for revenue, ad-justed EBITDA, and free cash flow.

RadNet further announced that GE HealthCare Technologies, Inc. (GE HealthCare) and RadNet have formed a strategic collabo-ration to accelerate the adoption of AI in medical imaging through the development of SmartTechnology™ solutions. The partnership will integrate GE HealthCare's imaging innovations with RadNet's DeepHealth AI-powered tools to enhance radiolo-gy workflows, improve clinical accuracy, and boost operational efficiency. The first project will combine DeepHealth's Smart-Mammo™ AI solution with GE's Senographe Pristina™ mammog-raphy system to improve breast care. The companies also plan to expand their collaboration into other imaging modalities to fur-ther enhance patient care and operational productivity.

Relay Therapeutics, Inc. – reported Q3 2024 results and high-lighted recent interim data for RLY-2608, a mutant-selective PI3Kα inhibitor, in patients with PI3Kα-mutated HR+/HER2- metastatic breast cancer. The company also reported having approximately US$840 million in cash, which is expected to fund operations through the second half of 2027. Additionally, Relay continues to advance its preclinical programs and aims to initiate multiple clinical trials in 2025, including studies for vascular malfor-mations and Fabry disease.

NUCLEAR ENERGY

Bloom Energy Corporation (Bloom) – reported Q3 2024 revenue of US$330.4 million, a 17.5% y/y decrease. Despite this, the com-pany achieved an improvement in gross margin, which rose by 25.1 percentage points (PP) to 23.8%, and operating losses im-proved by $94.1 million. Bloom also announced its collaboration with SK Eternix Co., Ltd. on one of the world's largest single-site fuel cell installations, expected to begin operations in 2025, and secured follow-on orders from Quanta Services Inc. for a major islanded microgrid project. The company reaffirmed its 2024 fi-nancial guidance, confident in its project pipeline.

BWX Technologies, Inc. (BWXT) – reported Q3 2024 results, with revenues of US$672 million and net income of $69.6 million. The company raised its 2024 non-GAAP EPS guidance to around $3.20. The company announced the acquisition of L3Harris Technologies' Aerojet Ordnance Tennessee, Inc., (A.O.T.) busi-ness for approximately $100 million. A.O.T. specializes in ad-vanced materials, including depleted uranium products, and will enhance BWXT's capabilities in manufacturing materials for commercial, military, and space applications. The acquisition is expected to close by year-end 2024 and will be slightly accretive to BWXT's earnings within 12-18 months. For 2025, BWXT fore-casts mid-to-high-single-digit growth in revenue, adjusted EBITDA, and EPS, alongside continued strong free cash flow growth. CEO Rex Geveden highlighted strong demand in nuclear markets and the company's focus on operational excellence.

Cameco Corporation (Cameco) – reported strong operational performance for Q3 2024. The company raised its 2024 uranium production outlook to up to 37 million pounds, driven by per-formance at Key Lake, despite lower-than-expected production from JV Inkai due to acid supply issues. The company continues to focus on selective long-term contracting, expecting to benefit from rising market prices and sustained demand for nuclear power.

Centrus Energy Corp. (Centrus) – announced the pricing of a US$350 million private offering of 2.25% Convertible Senior Notes due 2030. The offering is being made to qualified institu-tional buyers under Rule 144A of the Securities Act. Additionally, Centrus has granted the initial purchasers an option to buy up to $52.5 million in additional notes.

České Energetické Závody (ČEZ) – the Czech Republic's nucle-ar power plant operator, has signed a new contract with Urenco Group Ltd. (Urenco) for the supply of enriched uranium for use in the Dukovany and Temelin nuclear power plants. This extends a 20-year partnership between the two companies. In addition to Urenco, ČEZ has long-term uranium enrichment contracts with Orano SA and sources its final fuel assemblies from Westing-house and Framatome. The Czech Republic generates about 34% of its electricity from nuclear power and has plans to expand its nuclear capacity with new reactors and small modular reactors.

NuScale Power Corporation (NuScale) – reported its Q3 2024 results, highlighting progress on its small modular reactor (SMR) technology, including the continuation of Fluor's FEED Phase 2 study for the RoPower Doicești SMR in Romania. The company also saw interest from data center and AI sectors needing clean, reliable energy. Financially, NuScale ended the quarter with US$161.7 million in cash.

ECONOMIC CONDITIONS

U.S. Services - The U.S. Institute for Supply Management Ser-vices (ISM) Purchasing Managers' Index (PMI) unexpectedly popped 1.1 points (pts) to 56.0 in October. That marks the high-est level since July 2022 as the services sector continues to fuel the economic expansion. New orders and business activity fell, though both remain firmly entrenched in the expansion zone and suggest solid economic activity at the start of Q4. The employ-ment index climbed back above the 50-mark to the highest level since August 2023. This would provide another sign that the weak nonfarm payrolls report was distorted by strikes and hurri-canes. Meantime, prices paid fell, but at 58.1 it suggests that ma-terial and wage costs still rose—just at a slower pace. And the supplier deliveries index jumped to the highest level since the summer of 2022. The port strikes and hurricanes may have tem-porarily extended delivery times, so we could see a reversal next month. The U.S. services sector surprisingly expanded at the fastest pace in over two years, thanks to increased hiring, even as new orders and business activity slowed.

Chinese Exports - China's exports growth accelerated to its fast-est pace seen since July 2022, at 12.7% year over year (y/y) and handily beat all estimates (consensus: 4.3%, prior: 2.4%). As suspected, the upside beat was aided by some mean reversion after September's big downside miss while better South Korean imports data from China and an expansionary PMI in October suggested that October's exports would perform. In the details, higher exports of mechanical and electrical products which rose by 1.9% month over month (m/m), 13.7% y/y boosted the head-line. By region, exports to Japan and ASEAN rose on a m/m basis, with annual growth at 6.9% y/y and 16.2% y/y respectively. On a year to date y/y basis, China's top exports destination regions were in Latin America and ASEAN. China's imports disappointed slightly at -2.3% y/y (consensus:

-2%), in part due to the unfa-vourable high base last year. Major imports such as high-tech equipment and mechanical equipment fell on a m/m basis which weighed on imports. Given the recent exports beat, which con-tributed to another jump in trade surplus (US$96 billion), which is the third highest on record, China will come under heavy scru-tiny from the new Trump administration and it is doubtful that China's exports momentum is sustainable in the coming months.

Canadian Employment – rose 15 thousand (K) in October, be-low consensus expectations for a 27K increase. The participation rate, meanwhile, declined one tick to 64.8%. This translated into an unchanged unemployment rate (6.5%), one tick below con-sensus expectations. The increase in employment was the result of full-time positions expanding 26K, more than offsetting the 11K decline in part-time positions. Meanwhile, the number of jobs in the private sector rose 21K, while self-employment rose 11K. Employment in the public sector (-17K), for its part, con-tracted. Goods-producing industries outperformed in October, with employment rising 14K. Gains here were registered in manu-facturing (+10K), construction (+6K), the resources (+2K) and util-ities (+1K) sectors, while a decline was seen in agriculture (-5K). The services sector didn't fare as well, with employment up only 1K. Gains in business services (+29K), accommodation/food ser-vices (+12K) and education (+12K) were offset by declines in fi-nance/ insurance (-13K), public administration (-9K), other ser-vices (-8K) and trade (-8K). Employment in the core age cohort (25-54) fell 11K while employment among the 15-24 years old was up 33K. Jobs in the cohort of people 55 and over (-7K) contracted. Regionally, there were job gains in Alberta (+13K), British Colum-bia (+8K) and Québec (+7K), while employment fell in Ontario (-11K). Hours worked were up 0.3% in October after declining 0.4% in September. Wages were up 4.9% on a year-over-year basis in October (up from 4.5% in September). In October, the increase in employment was still insufficient to stabilize the ongoing deteri-oration in the labour market, while the population continued to grow at a frenetic pace. In fact, the 15K jobs created fell well short of the 51K needed to stabilize the employment rate, which has seen a sixth consecutive fall and is now down 1.8 PP from its peak in 2023. Although a decline in the employment rate is ex-pected in the context of an ageing population, the speed of the recent decline signals a clear cooling in the labour market. More-over, the employment rate for the 25-54 age group recorded its 3rd consecutive fall in October. Meanwhile, the employment rate for young people has rebounded slightly over the last two months, but remains at levels not seen since 1999, excluding the pandem-ic. We should thus not be too quick to celebrate the stability of the unemployment rate, as it has been sustained in part by a fur-ther drop in the participation rate, possibly reflecting discour-agement among job seekers. Although young people have been particularly hard hit during this labour market downturn, the un-employment rate for the main cohort of workers (aged 25-54) has risen to its highest level since September 2017, excluding the pandemic. The labour force survey also suggests that wages have not yet softened, but given the current trends, it may only be a matter of time before they do. The private sector stalled in Octo-ber after a jump in the previous two months, and the next few months do not bode well. Recently released job vacancy data does not point to a wave of hiring in the coming months; in fact, the private sector vacancy rate fell this summer to its lowest level since 2016. Furthermore, the Bank of Canada's Business Outlook Survey published in October shows no sign of stabilization in the short term. Indeed, hiring intentions were virtually unchanged in Q3 and remained below the historical average. Such a weak ap-petite in a context where the pool of workers is growing at a stag-gering rate does not bode well for a stabilization of the labour market.

FINANCIAL CONDITIONS

Reserve Bank of Australia - held interest rates steady, cuts its growth forecasts, lifted the unemployment rate a touch and shaved its underlying inflation projections a smidge but even the Reserve Bank of Australia concedes the forecasts are very close to those published in August. The forecast changes, even if mi-nor, take interest rate hikes off the table. The Reserve Bank of Australia reasserts the economy is strong, the labour market is tight, inflation remains 'too high', it will be sometime until infla-tion is 'sustainably in range', and that it remains 'vigilant to up-side risks to inflation'. Again, the Reserve Bank of Australia states it does not rule 'anything in or out' but there was no new infor-mation supporting the doves calling for a February 2025 interest rate cut. The Reserve Bank of Australia's first interest rate cut could be in May 2025, but that are economic risks that could cause it to be in Q3 2025.

Bank of England - cut the bank rate by 25 basis points (bps), as universally expected. The vote was 8-1 in favour, with one dissent to hold from Catherine Mann. Guidance was left broadly un-changed, with the Monetary Policy Committee noting that "a gradual approach to removing policy restraint remains appropri-ate". Probably of most interest in today's report is the Monetary Policy Committee's treatment of the new Labour budget, and here they surprised to the upside, taking on board a big boost to both growth and inflation. This means that Year 2 inflation is now forecasted to be well above target at 2.2%, with Year 3 at 1.8%. Overall, this reinforces the messaging of a gradual pace of inter-est rate cuts, though the assumption on fiscal policy is over-done and likely to disappoint next year. Add to that the fact that the policy decision was made last week, and much of the briefings done last week, we suspect the decision reflects rela-tively little on possible economic shocks stemming from Trump's win, and the Monetary Policy Committee will need to take that on board as it comes early next year.

U.S. Federal Reserve - As expected the U.S. Federal Reserve lowered interest rates another 25basis points (bps) to a range of 4.50%-to-4.75% amid a unanimous vote, but the pace of further reductions could hinge on continued inflation progress. The Federal Open Market Committee repeated that the risks to the economic and inflation outlooks were "roughly in balance". The economy was growing "at a solid pace", labour markets have "generally eased", and inflation had "made progress toward" the target though "remains somewhat elevated". The statement omit-ted the phrase about gaining confidence in inflation moving sus-tainably toward the target, but Chair Powell later clarified that this phrase was no longer needed, and its omission was not a sign of the U.S. Federal Reserve losing confidence in the inflation out-look. There was little market reaction to the statement. Speaking after the announcement, Chair Powell repeated that the labour market was not a source of inflation pressure. On the other hand, recent stronger data, including upward revisions to per-sonal income, have removed some downside risks to the eco-nomic outlook. He noted that the election will have no near-term effects on policy as the U.S. Federal Reserve will refrain from changing its economic forecast until it knows more about the timing and substance of the new policies from the incoming ad-ministration. He also said that changes in financial conditions (e.g., equities are ripping higher, but bond yields and the dollar have also popped) would need to persist before they affect the U.S. Federal Reserve's forecast and, hence, policy decisions. Powell stressed that the U.S. Federal Reserve is still aiming to re-calibrate policy as interest rates remain "restrictive". However, it doesn't want to move either too quickly or too slowly and will strive to stay on "a middle path" toward a more neutral interest rate. So, the U.S. Federal Reserve is still planning more interest rate cuts but will proceed cautiously and will adjust the pace of decline (either faster or slower) as its confidence in achieving the inflation target changes. Its confidence, in turn, will largely de-pend on incoming data.

The U.S. 2 year/10 year treasury spread is now 0.05% and the U.K.'s 2 year/10 year treasury spread is 0.02%. A narrowing gap be-tween yields on the 2 year and 10 year Treasuries is of concern given its historical track record that when shorter term rates ex-ceed longer dated ones, such inversion is usually an early warn-ing of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 6.79%. Ex-isting 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 Re-cession of 11.1 months and we consider a more normal range of 4-7 months.

The VIX (volatility index) is 15.05 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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