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NEWS HIGHLIGHTS

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

APRIL 7, 2025

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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) – JioStar, valued at US$8.5 billion, owns India's largest collection of TV networks, as well as its most popular paid streaming service, JioHotstar. This past week, JioHotstar announced it has surpassed 100 million subscribers, the first streaming service in India to top that number. That's a milestone in the country, where the challenge has always been getting people to pay for entertainment. Ambani owes a big thank you to cricket, specifically the Indian Premier League. JioHotstar's ambitions are far grander. The service is attempting to compete with Netflix, Inc. (Netflix) at the top end and YouTube, LLC. (YouTube) at the low end. It offers thousands of hours of local programming, licensed titles from The Walt Disney Company (Disney), Home Box Office Inc. (HBO), NBCUniversal Media, LLC. (NBC) and Paramount Pictures Corporation (Paramount), as well as micro dramas. People can watch the service for free until they reach a certain threshold, at which point they must pay to continue. The average JioHotstar customer pays less than $1 a month, making advertising a big part of management's profitability plan. The streaming video ad market is three times the size of the subscription market, per Media Partners Asia. YouTube, Meta Platforms, Inc. (Meta) and Instagram, LLC. (Instagram) have hundreds of millions of customers in India. It is YouTube's biggest market in terms of users. Streaming video services make far more money from advertising than subscriptions in India. JioHotstar will need to sign up 200 million to 300 million customers to justify the cost. The expense is so high that the company can't make money from just the matches. Management needs to bring in enough people who will stick around for general entertainment. Yet executives here still express more optimism than their counterparts in the US. India's gross domestic product has doubled over the past decade and the country is on the verge of supplanting Japan and Germany to become the world's third-largest economy.

Reliance – Last week, Reliance announced the Reliance Compressed Bio-Gas (CBG) plant at Kanigiri in Prakasam district in Andhra Pradesh (AP). The project is being developed with a capital investment of Rs. 139 crores and is the first in a series of 500 projects involving a total capital outlay of Rs. 65,000 crores for AP. The plant will be developed with innovative technology and utilise Napier grass that would be developed on barren and waste lands to produce bio-gas. The project will result in significant livelihood to the rural economy through payment of lease revenues to the farmers, and additionally, a fixed price for the grass grown by farmers. Reliance has embarked on a bold journey to establish integrated CBG hubs across AP. Around 500,000 acres of barren and waste lands in Prakasam, Anantapur, Chittoor, and Kadapa will be utilised for this purpose. Once all the plants are fully operational, they will produce 40 lakh tonnes of green, clean CBG and 1.1 million metric tonnes of organic fertiliser annually. This initiative is expected to create 250,000 jobs for rural youth.

Ares Management Corporation (Ares) – has announced the appointment of Joel Holsinger, Partner and Co-Head of its Alternative Credit strategy, as Co-Chair of the Ares Charitable Foundation's Board of Directors. He will serve alongside current Chair and Ares Chief Executive Officer (CEO), Michael Arougheti. Since its founding in 2021, the Ares Foundation has committed over US$66 million to global non-profits focused on economic empowerment through job training, entrepreneurship support, and financial education. The Foundation's funding model was inspired by Ares' Alternative Credit Pathfinder funds, which dedicate 5–10% of their performance fees to charitable causes. Currently, 24 Ares funds have pledged up to 5% of their annual performance income to support the Foundation's initiatives.

Brookfield Asset Management (Brookfield) – Brookfield Infrastructure Partners (in which the Portland Private Income Fund invests) and its institutional partners have entered a definitive agreement to acquire 100% of Colonial Enterprises, Inc. (Colonial)—including the Colonial Pipeline—for an enterprise value of approximately US$9 billion, representing a 9x EBITDA multiple. Colonial owns the largest refined products pipeline system in the U.S., extending 5,500 miles from Texas to New York and serving a long-standing, high-quality customer base along the East Coast. Brookfield Infrastructure Partners will contribute an expected US$500 million in equity at closing, or about 15% of the total equity, fully funded through recently announced capital recycling initiatives. The deal is anticipated to close in the second half of 2025, pending customary conditions.

Brookfield – has announced a deal to acquire a majority stake in Angel Oak Companies, LP (Angel Oak) a leading U.S. asset manager focused on residential mortgage and consumer credit products. The transaction brings Angel Oak into Brookfield's US$317 billion credit business, expanding Brookfield's access to non-agency residential mortgage credit strategies. Angel Oak, founded in 2008, manages over $18 billion in assets and operates a vertically integrated platform that includes mortgage origination (via Angel Oak Mortgage Solutions LLC) and asset management (via Angel Oak Capital Advisors, LLC). The firm has originated over $30 billion in mortgage loans and completed more than 60 securitisations, catering to borrowers underserved by traditional lenders. Angel Oak will continue to operate independently under its existing leadership.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. – UPLIZNA® (inebilizumab-cdon) has received Food and Drug Administration (FDA) approval as the first and only treatment for Immunoglobulin G4-related disease (IgG4-RD), a chronic autoimmune condition that can affect multiple organs. The approval is based on results from the MITIGATE trial, which showed UPLIZNA reduced the risk of disease flares by 87% compared to a placebo, offering a corticosteroid-free, flare-free, complete remission for patients.

Arvinas Inc. – presented first-in-human data for its investigational oral proteolysis targeting chimera (PROTAC), ARV-102, which targets and degrades the leucine-rich repeat kinase 2 (LRRK2) protein implicated in neurodegenerative diseases like Parkinson's disease and progressive supranuclear palsy. In a Phase 1 trial, ARV-102 demonstrated effective brain penetration, with significant reduction of LRRK2 in both cerebral spinal fluid and peripheral blood. The drug was well tolerated, and results showed that it achieved more than 50% LRRK2 reduction in the brain and over 90% reduction in peripheral blood cells. These findings support further evaluation of ARV-102 in neurodegenerative diseases.

BeOne Medicines Ltd. – (formerly BeiGene, Ltd.) announced the discontinuation of its clinical development program for ociperlimab (BGB-A1217) as a treatment for lung cancer. The decision followed a recommendation from the Independent Data Monitoring Committee after a futility analysis of the Phase 3 AdvanTIG-302 trial, which showed that the study was unlikely to meet its primary endpoint of overall survival. No new safety concerns were identified. The company plans to share the study results later to further scientific understanding of anti-TIGIT activity.

Siemens Healthineers AG – and Tower Health have launched a 10-year Value Partnership aimed at advancing diagnostic imaging, digital tools, and patient care. The partnership will enhance Tower Health's radiology, oncology, and cardiology departments by upgrading equipment such as CT, MRI, interventional radiology systems, and Varian radiation-oncology therapies. The collaboration focuses on long-term viability, clinical excellence, and patient care, with both organizations working to standardize and modernize Tower Health's imaging systems.

Telix Pharmaceuticals Limited (Telix) – has stated that the recent international trade tariffs imposed by the U.S. government will not have a material impact on its business or supply chain. The company has a strong U.S.-based manufacturing and distribution infrastructure, including third-party manufacturing sites and radiopharmacy networks, for its FDA-approved products Illuccix® and Gozellix®. Telix also noted that its radiopharmaceuticals are produced close to the point-of-care and that it is not affected by China's export controls on rare earth elements used in semiconductor manufacturing. Despite changes within the FDA workforce, Telix has not been notified of any delays to its ongoing regulatory applications for Pixclara® and Zircaix®.

Telix has appointed Dr. Paul Schaffer as its new Chief Technology Officer (CTO), effective April 7, 2025. Dr. Schaffer previously served as CTO at ARTMS Inc., which was acquired by Telix in 2024, and as Director of Life Science at TRIUMF, Canada's particle accelerator research center. In his new role, Dr. Schaffer will oversee the integration of technology into Telix's radiopharmaceutical research, development, and clinical applications, focusing on areas such as chemistry, physics, artificial intelligence (AI), and data analytics. His appointment comes as Telix accelerates its mission to advance radiotherapeutic technologies.

NUCLEAR ENERGY

Cameco Corporation (Cameco) – Westinghouse Electric Company LLC (Westinghouse) announced that the U.S. Nuclear Regulatory Commission (NRC) has approved the Principal Design Criteria (PDC) Topical Report for its eVinci™ microreactor. This approval marks a key step in the licensing process by confirming the reactor's design meets regulatory standards, ultimately simplifying future licensing and deployment for customers. Jon Ball, President of eVinci Technologies Inc. (eVinci), said the NRC's approval enhances confidence in the microreactor's streamlined, repeatable licensing pathway—allowing for rapid deployment of this compact, transportable power solution. This milestone follows earlier approvals, including that of the eVinci Advanced Logic System® Version 2, an advanced instrumentation and control platform.

Westinghouse and Chemetics Inc. (Chemetics) have signed a memorandum of understanding (MoU) to collaborate on nuclear new-build projects in Canada and internationally. Under the agreement, Chemetics may design and fabricate alloy or carbon steel vessels and heat exchangers for Westinghouse's AP1000® and AP300™ reactors. Westinghouse executives praised Chemetics' long-standing experience in nuclear fabrication and emphasized the economic benefits of working with Canadian suppliers. John Gorman, President of Westinghouse Canada, noted that each AP1000 reactor built could contribute nearly CA$1 billion to Canada's GDP through domestic supply chains. This agreement is part of Westinghouse's broader strategy to engage Canadian firms in supporting its global AP1000 and AP300 nuclear projects.

ECONOMIC CONDITIONS

U.S. ISM (Institute for Supply Management) Manufacturing Purchasing Managers' Index (PMI) - The U.S. ISM Manufacturing PMI fell 1.3 points (pts) to 49.0 in March as some tariffs came into effect. New orders sagged to the lowest level since May 2023, suggesting demand is fading quickly amid economic headwinds. Meanwhile, production fell, and the employment index dug deeper in the contraction zone. A separate report showed job openings slipped in February, adding to signs of cooling in the labour market. A measure of prices paid galloped to 69.4, the highest level since June 2022. The difference is, at that time, the gauge was on its way down. Since the start of this year, the gauge has increased nearly 17 pts as price pressures persist.

Eurozone Inflation - Eurozone inflation slowed for a third consecutive month in March, coming in at 2.2% year-over-year (y/y) (market: 2.2%). Core and Services both came down markedly to 2.4% y/y (prior: 2.6%) and 3.4% y/y (prior: 3.7%), respectively. This brings inflation even closer to the ECB target. Unemployment rate fell to its lowest level of 6.1% in February, beating consensus of 6.2%, and down from 6.2% in January.

U.S. Nonfarm Payrolls - In the U.S., nonfarm payrolls rose 228 thousand (K) in March, a lot more than the +151K print expected by consensus. The positive surprise was partially offset by a -48K cumulative revision to the prior months' results. Employment in the goods sector rose 12K, as gains in construction (+13K) and manufacturing (+1K) were only partially compensated by a 2K decline in the mining/logging segment. Jobs in services-producing industries, meanwhile, advanced 197K, reflecting increases in the health/social assistance (+78K), leisure/hospitality (+43K), retail trade (+24K) and transportation/warehousing (+23K) categories. Alternatively, payrolls shrank in the wholesale trade (-2K) and information (-2K) segments. Headcounts in the closely-followed temporary help services category fell 6K, marking a third consecutive monthly decline for this indicator.

In total, 209K jobs were created in the private sector, while 19K were added in the public sector, the latter concentrated at the state/local level (+23K). Federal government employment contracted 4K. Average hourly earnings rose 3.8% y/y in March, down from 4.0% the prior month and two ticks below consensus expectations (4.0%). Month-on-month (m/m), earnings progressed 0.3%.

Given the current highly uncertain environment, the markets desperately needed reassurance about the state of the U.S. economy. Fortunately, the data did not disappoint in our view. While previous months' job gains were revised down, March's result was well above consensus expectations and allayed fears of a slowdown in the labour market, at least for the time being. Nonfarm payrolls rose at the fastest pace in three months, with gains concentrated in the private sector. Part of the increase was due to some workers returning to work in March after being absent due to bad weather in January and February. The milder weather also explained the rebound in hiring in leisure/hospitality after two months of declines.

Canadian Employment - In Canada, the March employment report surprised to the downside with 33K jobs lost (market: 10K) as the unemployment rate edged higher to 6.7%. Details were mostly downbeat, reflecting an unfavourable full/part time split and softer wage growth, while a 0.4% m/m increase for hours worked provided one of the few bright spots. This report provides some of the first tangible evidence of tariff impacts, but in our view even with labour markets coming under more pressure we do not think this will be enough to push the Bank of Canada to cut again in April, as the Canadian economy is heading into the trade shock on a better footing with the stronger domestic data over the last couple of months.

FINANCIAL CONDITIONS

Reserve Bank of Australia (RBA) - The RBA left its cash rate unchanged at 4.1% (consensus: 4.1%) which was expected as RBA officials made it abundantly clear it's not in any rush to deliver consecutive cuts. The RBA repeated that inflation risks are balanced on both sides and emphasized that it is cautious on the inflation outlook even as underlying inflation eases in line with its February forecasts. The Board expanded on the impact of tariffs on the Australian economy and added in today's statement that "monetary policy is well placed to respond to international developments if they were to have material implications for Australian activity and inflation". At the press conference, Governor Bullock remarked that the Board did not explicitly consider a rate cut today and that it hadn't made up its mind on a May rate cut. Overall, the RBA struck a more neutral tone and is suggesting that it could react quickly with monetary policy if need be.

The U.S. 2 year/10 year treasury spread is now 0.39% and the U.K.'s 2 year/10 year treasury spread is 0.62%. 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 is now 6.64%. Existing U.S. housing inventory is at 3.5 months supply of existing houses as of March 20, 2025 - 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 45.49 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, 'GAAP' Generally Accepted Accounting Principles, '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, 'SG&A' Selling, General, and Administrative expense ratio.

1.Not all of the funds shown are necessarily invested in the companies listed

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Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel.:1-888-710-4242 • www.portlandic.com • info@portlandic.com

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