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NEWS HIGHLIGHTS

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

JANUARY 12, 2026

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OWNER OPERATED COMPANIES



GO TO
PORTLAND 15 OF 15
ALTERNATIVE FUND



PORTLAND 15 OF 15
ALTERNATIVE FUND
COMPANY NEWS

Berkshire Hathaway Inc. (Berkshire) – Warren Buffett formally stepped down as Chief Executive Officer (CEO) of Berkshire Hathaway Inc. on Wednesday, December 31, 2025, concluding a six-decade tenure that transformed the company from a struggling textile mill into a US\$ 1 trillion-plus conglomerate. Leadership has passed to Greg Abel, long telegraphed as Buffett's successor, while Buffett remains chairman. Early in Abel's tenure, Berkshire completed the US\$ 9.7 billion acquisition of Occidental Chemical Corporation (OxyChem) on January 2, 2026, following its announcement in October 2025; the business is Occidental Petroleum Corporation's chemicals unit and a leading producer of basic and specialty chemicals used across polyvinyl chloride (PVC), construction materials, water treatment, and industrial applications. Abel's compensation has been set at US\$ 25 million annually, broadly in line with other large-cap Standard & Poor's (S&P) 500 CEOs and reflective of the scale and complexity of the organization he now oversees.

Brookfield Corporation (Brookfield) – Brookfield Corporation is preparing to launch a cloud-oriented business called Radiant, designed to lease Artificial Intelligence (AI) chips housed in data centers directly to AI developers, offering an alternative source of scarce compute capacity as demand for AI infrastructure continues to accelerate. Radiant was first announced on November 19, 2025, alongside Brookfield's US\$100 billion global AI Infrastructure program, when the firm introduced the platform as a new NVIDIA Cloud Partner intended to develop and operate so-called "AI factories" leveraging Brookfield's extensive footprint across land, power, and

data centers. More recent reporting points to a clearer commercialization pathway, with Radiant now framed as a chip-leasing cloud business, signaling a move closer to the end customer. The initiative is expected to sit within a newly established US\$10 billion AI fund, with Radiant positioned to receive priority access to data centers developed through that vehicle, including projects referenced in France, Qatar, and Sweden.

LVMH Moët Hennessy Louis Vuitton Group (LVMH Group) – LVMH Group has appointed Alessandro Valenti as the new Chief Executive Officer (CEO) of Givenchy, continuing a broader leadership reset across its fashion and leather goods division. Valenti, formerly a senior executive at Moncler, is tasked with sharpening Givenchy's strategic focus and restoring momentum following a period of uneven performance, as LVMH Group looks to tighten execution at its mid-sized maisons.

Reliance Industries Limited (Reliance) – Reliance Industries Limited is seeking approval from the United States (U.S.) to resume purchases of Venezuelan crude oil, two sources familiar with the matter said on Friday. The refiner looks to secure oil amid Western pressure on India to cut Russian oil purchases. Reliance's representatives are in discussions with the U.S. State and Treasury departments to obtain the authorization. This comes as Washington and Caracas progress in negotiations to ship 50 million barrels of oil in the aftermath of the U.S. capture of President Nicolas Maduro. The Indian company had received licenses from Washington in past years to import crude from US-sanctioned Venezuela for its refining complex, the world's largest. Venezuela's oil company Petróleos de Venezuela, S.A. (PDVSA) delivered Reliance four crude cargoes, or some 63,000 barrels per day, in the first four months of 2025 under those authorizations. Washington suspended most licenses to PDVSA's business partners between March and April and threatened Venezuela's oil buyers with tariffs as it increased pressure on Maduro. Reliance's last cargo of Venezuelan oil arrived in India in May 2025. Reliance said on Thursday that it would consider resuming purchases of Venezuelan crude if sales to non-US buyers are permitted under US regulations. The company and the US Treasury Department did



not immediately respond to Reuters emails requesting comment. Reliance and PDVSA have a long-standing relationship, and India was the third most important market for Venezuela's crude before the US imposed sanctions.

Reliance Industries Limited (Reliance) – Reliance Industries Limited has paused plans to make lithium-ion battery cells in India after failing to secure Chinese technology, said people familiar with the matter. The company, which had aimed to begin cell manufacturing this year, had been in discussions with a Chinese lithium iron phosphate supplier Xiamen Lithium Energy Storage Technology Co. to license cell technology, according to the people who did not want to be identified as the information is not public. Those talks stalled after the Chinese company withdrew from the proposed partnership amid Beijing's curbs on overseas technology transfers in key sectors, the people said. The setback has prompted Reliance to refocus on assembling battery energy storage systems, containers for its own renewable power projects, they added. China has stepped up scrutiny of clean-energy technology deals as it seeks to protect strategic advantages in sectors, complicating localization efforts by foreign manufacturers. A Reliance spokesperson said there's no change in the company's plans in an emailed response. Reliance's internal teams have concluded that proceeding without access to proven Chinese cell technology would significantly raise costs and execution risks, particularly as global markets are already grappling with excess battery capacity, said the people familiar with the discussions. Alternative technologies from Japan, Europe, and South Korea were assessed but deemed substantially more expensive and less competitive for large-scale deployment in India, the people said.



DIVIDEND PAYERS



GO TO
PORTLAND CANADIAN
BALANCED FUND¹

The Mosaic Company (Mosaic) – On December 22, Mosaic entered into a definitive agreement to sell Mosaic Potash Carlsbad to International Minerals Carlsbad for US\$ 30 million. The sale covers the operations, assets, and liabilities of the Mosaic mine in Carlsbad, New Mexico. Under the terms of the agreement, the company is to receive an initial cash purchase price of US\$20 million and deferred cash consideration of US\$10 million, payable in three equal annual installments beginning in 2029. The divestment allows the company to focus on operations in Saskatchewan, Canada.

United Parcel Service Inc. (UPS) – will invest US\$120 million in 400 robots used to unload trucks from Pickle Robot Company. UPS says its relationships with Pickle and other automation and robotics companies "help reduce repetitive tasks and physical stress while promoting safety for UPS employees." The investment comes as part of UPS's US\$9 billion automation plan laid out in 2024, which seeks to boost profits by decreasing labor costs. The automation plan aims to achieve US\$ 3 billion in cost savings by 2028. The company has closed daily operations at 93 facilities and eliminated 34,000 jobs this year as part of cost-trimming efforts. The company has also been clear that the deal with Pickle Robot Company is part of a bigger automation plan to cut labor costs, with rollout starting in late 2025 and focused on a common bottleneck in package flows.



LIFE SCIENCES



GO TO
PORTLAND LIFE
SCIENCES
ALTERNATIVE FUND¹

Amgen Inc. (Amgen) – announced on January 6, 2026, that it has acquired Dark Blue Therapeutics Ltd., a privately held United Kingdom (U.K.)-based biotechnology company, in a transaction valued at up to US\$840 million. The deal adds an investigational small-molecule targeted protein degrader designed to target and degrade MLLT1/3, proteins implicated in specific forms of acute myeloid leukemia (AML), with Amgen citing encouraging preclinical anti-cancer activity and potential differentiation versus existing approaches. Amgen said it expects to integrate Dark Blue into its existing research organization, positioning the acquisition as an early-stage pipeline investment aligned with its broader oncology discovery strategy. One day later (January 7, 2026), Amgen entered an exclusive license agreement with Cologne-based DISCO Pharmaceuticals to pursue therapies against a cancer cell-surface target identified using DISCO's proprietary surfaceome mapping platform. Under the agreement, DISCO is eligible to receive up to US\$618 million in total potential payments plus royalties, while Amgen receives exclusive global rights to develop and commercialize the resulting programs. The companies did not publicly detail the upfront/milestone breakdown or the specific target but framed the collaboration as a way to expand the universe of actionable tumor targets by mapping proteins across the surface of cancer cells. DISCO says its approach combines cell-surface proteomics with protein community mapping to identify previously inaccessible target pairs and surface-bound communities, enabling modalities such as bispecific antibody-drug conjugates and T-cell engagers, with an internal pipeline focused on small cell lung cancer and microsatellite-stable colorectal cancer. Taken together, the Dark Blue acquisition and the DISCO pact highlight Amgen's early-2026 push to broaden its oncology pipeline via both mergers and acquisitions (M&A) and licensing, spanning targeted protein degradation in AML and novel surfaceome-derived targets.

Perspective Therapeutics Inc. (Perspective Therapeutics) – said it shared updated early results for [²¹²Pb]VMT-α-NET, an experimental treatment that aims to deliver radiation directly to certain neuroendocrine tumors (tumors that carry a marker called somatostatin receptor type 2 (SSTR2)), at the 2026 American Society of Clinical Oncology (ASCO) Gastrointestinal (GI) Cancers Symposium (January 8–10, San Francisco). The update uses a December 10, 2025, data cutoff and includes safety information from 56 patients treated at three dose levels (2.5, 5.0, and 6.0 millicurie (mCi)). Overall, the company said the treatment has been generally well tolerated: there were no dose-limiting safety problems, no patients stopped treatment because of side effects, and there were no meaningful treatment-related drops in bone marrow function (which can affect blood counts). More serious side effects (Grade 3 or higher) occurred in 37.5% of patients, including one temporary Grade 4 drop in a type of white blood cell (lymphocytes) that resolved without intervention. On early signs the treatment may be working, the company said that among 25 evaluable patients with additional follow-up, 19 (76%) were alive without their cancer worsening, and in the 5.0 mCi group specifically, 9 of 23

(39%) had measurable tumor shrinkage on scans (8 confirmed, 1 awaiting confirmation). Finally, Perspective said the safety review for the highest dose (6.0 mCi) is complete, the study has been cleared to enroll and treat more patients (with one additional patient already treated), and it expects more updates and regulatory discussions during 2026.

RadNet Inc. (RadNet) – announced it has acquired Radiology Regional, a LucidHealth division serving Southwest Florida, marking RadNet’s expansion into the region. The acquisition adds 13 locations across Naples, Cape Coral, Fort Myers, Port Charlotte, and Sarasota, supplementing RadNet’s five existing Florida imaging centers. The acquired operations are expected to bring roughly 400 additional employees and 44 contracted radiologists. RadNet said the deal is projected to add approximately US\$ 100 million of revenue in 2026, while noting that the financial terms were not disclosed and are expected to be detailed in a future United States Securities and Exchange Commission (SEC) filing. Strategically, RadNet positioned the transaction as an opportunity to apply its operating model and deploy DeepHealth artificial intelligence (AI)-powered tools to improve accuracy, streamline imaging workflows, and enhance the patient experience, while LucidHealth said the transition preserves physician-led operations and enables it to sharpen its strategic focus.

Schrödinger Inc. (Schrödinger) – announced that it will integrate Eli Lilly and Company’s TuneLab (an AI-enabled drug-discovery platform) into LiveDesign, Schrödinger’s cloud collaboration software used by research teams to design and evaluate potential drug molecules. Strategically, the integration positions LiveDesign as a primary workflow “front door” for biotechnology partners operating within the TuneLab ecosystem, allowing users to run TuneLab-enabled research workflows directly inside LiveDesign. Eli Lilly has emphasized that TuneLab is built around a privacy-first, federated-learning approach, which is intended to let models improve from broader participation while keeping each company’s underlying data siloed and protected. Reuters reported that existing LiveDesign customers are expected to receive access in the first quarter (Q1) of 2026, with new-user availability anticipated in the second quarter (Q2) of 2026.



NUCLEAR ENERGY

Bloom Energy Corporation (Bloom Energy) – American Electric Power Company, Inc. (AEP), a large United States (U.S.) electric utility, said an unregulated subsidiary will purchase a substantial portion of its previously optioned Bloom Energy solid oxide fuel cells in a deal valued at about US\$ 2.65 billion, supporting a planned fuel-cell generation facility near Cheyenne, Wyoming. The commitment builds on the companies’ November 2024 agreement for 100 megawatts (MW) of Bloom fuel cells plus an option for up to an additional 900 MW, which AEP said it has now exercised. AEP also entered into a 20-year, take-all offtake contract with an unnamed customer for the facility’s full output, with closing conditions targeted for satisfaction by the second quarter (Q2) of 2026 and a provision that would compensate AEP for capital and costs incurred if those conditions are not met. In parallel, Laramie County approved Crusoe Energy Systems’ “Project Jade” artificial intelligence (AI) data-center campus on January 5, alongside Tallgrass Energy’s BFC Power/Cheyenne Power Hub plan for 2.7 gigawatts (GW) of new gas-fired generation, and planning documents filed last year contemplated using Bloom fuel cells in combination with gas generation to serve the site.

Centrus Energy Corp. (Centrus Energy) – The U.S. Department of Energy (DOE) announced US\$ 2.7 billion of enrichment task-order awards on January 5, 2026, intended to rebuild US uranium enrichment capability over the next decade by expanding low-enriched uranium (LEU) supply for today’s reactor fleet and “jumpstarting” domestic high-assay low-enriched uranium (HALEU) supply chains, with payments tied to a strict milestone approach. This award package builds on the DOE’s 2024 contracting framework, where DOE signed base contracts that let multiple vendors bid on future task orders, and, in particular, follows the October 2024 announcement of four potential HALEU enrichment contractors (American Centrifuge Operating/Centrus, General Matter, Orano Federal Services, and Urenco USA’s Louisiana Energy Services). In the January 2026 selection, DOE awarded three US\$ 900 million task orders: American Centrifuge Operating (Centrus’ enrichment subsidiary) and General Matter to develop domestic HALEU enrichment capacity, and Orano Federal Services to expand domestic LEU enrichment capacity. The award also includes options (subject to DOE’s discretion) for an additional US\$ 170 million to produce and deliver HALEU to the DOE.

ČEZ, a.s. (ČEZ) – Czechia’s two nuclear stations, Dukovany and Temelín, generated 32.066 terawatt-hours (TWh) in 2025, which ČEZ and local reporting describe as a record level and roughly equivalent to about six months of the country’s electricity consumption. ČEZ Chief Executive Officer (CEO) Daniel Beneš said the 32 TWh outcome has been a multi-year target, enabled mainly by longer fuel cycles and by systematically capturing uprates within safety limits, “effectively” the equivalent of adding another unit of output. In the same context, ČEZ notes that the country’s six reactor units now total 4,220 megawatts (MW) of installed capacity, roughly 500 MW higher than at commissioning, reflecting years of modernization and power-uprate work. Dukovany is already operating on a 16-month fuel cycle, while Temelín is completing its move to a longer cycle as part of ČEZ’s “Safe 32 Terawatt Hours (B32T)” modernization program (which targets higher average nuclear generation by 2030). Management cautions that 2026 production should be lower because the fuel-cycle adjustments imply more planned outages for refueling, mandatory inspections, maintenance, and investment work. As of early January 2026 reporting, five of six units were operating, with Dukovany Unit 1 in a longer outage that began December 13 and is expected to run into February, and a Temelín Unit 2 outage also planned for February. ČEZ estimates it invests about CZK 7 billion per year to support long-term operation of both plants and highlights their system role in stable, low-emission supply, avoiding roughly 20 million tonnes of carbon dioxide (CO₂) annually.

Constellation Energy Corporation (Constellation Energy) – Said January 7, 2026, that it completed its acquisition of Calpine Corporation from Energy Capital Partners, pairing Constellation Energy’s zero-emission nuclear fleet with Calpine’s natural gas and geothermal generation and commercial platform to create what it calls the nation’s largest producer of electricity. The transaction was first announced on January 10, 2025, and was structured as a cash-and-stock deal valued at approximately US\$ 16.4 billion, consisting of 50 million Constellation Energy Group (CEG) shares and US\$ 4.5 billion of cash, plus the assumption of approximately US\$ 12.7 billion of Calpine net debt. At signing, closing was expected within approximately 12 months and was subject to customary closing conditions. Post-close, Constellation Energy emphasized the combined platform’s scale, approximately 55 GW of capacity and approximately 2.5 million retail and business customers, and

highlighted an expanded footprint in high-demand regions including Texas and California.

Separately, the Nuclear Regulatory Commission (NRC) approved amendments for Constellation Energy's Limerick nuclear plant that allow replacement of multiple analog, safety-related instrumentation and controls systems with a comprehensive digital system. The project is estimated at US\$ 167 million and will be executed in phases, with physical installation planned during upcoming refueling outages to maintain operational continuity. Constellation Energy's stated objective is practical: improve equipment monitoring, enable a broader range of automation, support additional operational flexibility, and enhance reliability and cyber resilience versus legacy control-room equipment.

GE Vernova Inc. (GE Vernova) – announced that PetroVietnam Power Corporation's (PV Power) Nhon Trach 3 and 4 combined-cycle plant in Dong Nai Province has entered commercial operation, marking Vietnam's first HA-powered power plant and the country's first plant fueled by liquefied natural gas (LNG). Built by engineering, procurement, and construction (EPC) contractors Samsung C&T and Lilama, the project totals approximately 1.6 GW and consists of two blocks of more than 800 MW each using GE Vernova equipment. PV Power and GE Vernova highlighted greater than 63% combined-cycle efficiency and fuel flexibility, running on LNG now, supporting up to 50% hydrogen co-firing, and designed to enable a path toward 100% hydrogen over time. Strategically, the companies framed Nhon Trach 3 and 4 as a coal-to-gas milestone that improves grid reliability and stability to support greater renewables penetration, with GE Vernova estimating roughly 60% lower CO₂ emissions versus coal plants of similar output. Reuters also reported PV Power's disclosure that the two plants have approximately 1.62 GW capacity, are expected to generate approximately 9 billion kilowatt-hours (kWh) per year, and were built at an estimated approximately US\$ 1.4 billion cost, while Vietnam's updated Power Development Plan VIII continues to position LNG as a key flexible resource with greater than 22 GW projected by 2030. For GE Vernova, the announcement underscores its broader Vietnam footprint: the company says its equipment provides up to approximately 30% of Vietnam's electricity needs and points to local support infrastructure including the Phu My repair facility and Dung Quat heat recovery steam generator (HRSG) manufacturing plant (which produced modules for this project).

Oklo Inc. (Oklo) – said it has signed an agreement with Meta Platforms, Inc. (Meta) to advance development of a approximately 1.2 GW Aurora "power campus" in Pike County, Ohio, intended to support Meta's regional data-center demand. The structure is framed as a mechanism for Meta to prepay for power and provide funding to improve project certainty. Oklo also disclosed a specific development timetable: pre-construction and site characterization beginning in 2026, the first reactor online by 2030, and incremental expansion to the full approximately 1.2 GW target by 2034. On siting, Oklo stated it now owns 206 acres in Pike County that were formerly DOE-owned, and that the purchase was facilitated in part by Southern Ohio Diversification Initiative (SODI), the nonprofit leading redevelopment of the former Portsmouth Gaseous Diffusion Plant site; this builds on Oklo's earlier SODI land-rights framework and a refundable deposit that Oklo's filings say is applied to the purchase price or refunded no later than December 31, 2025.

Separately, Oklo announced it has signed a DOE Other Transaction Agreement (OTA) to support the design, construction, and operation of a radioisotope pilot facility under the DOE Reactor Pilot Program, with Oklo positioning the OTA as the shift from planning into active execution under DOE authorization. The effort is being pursued through Atomic Alchemy (an Oklo subsidiary), which Oklo says will use the pilot facility to lay the groundwork for future commercial plants producing medical and research radioisotopes that are widely used in cancer diagnosis and treatment, research, and certain national-security applications, and which Oklo notes are often sourced overseas or from aging infrastructure today. As part of this "learn-first-then-scale" approach, Oklo disclosed that Atomic Alchemy has withdrawn its previously submitted NRC construction permit application for the Meitner-1 commercial radioisotope facility at Idaho National Laboratory (INL) to focus resources on delivering the DOE-authorized pilot facility.

Silex Systems Limited (Silex Systems) – Global Laser Enrichment (GLE) said it was notified by the U.S. DOE that it has been selected for an award of up to US\$ 28.5 million to advance its next-generation laser uranium enrichment technology, while also noting it was unsuccessful in its bid for the DOE's US\$ 900 million LEU enrichment award (see the Centrus Energy update above). DOE contextualized the award as an "additional" approximately US\$ 28 million allocation to keep advancing next-generation enrichment technology, stemming from a competitive solicitation issued "last December," alongside the broader US\$ 2.7 billion enrichment task-order package. Strategically, GLE framed the path forward around the planned Paducah Laser Enrichment Facility (PLEF), including an intent to re-enrich DOE high-assay depleted uranium "tails" at PLEF, claiming potential output of up to 2,000 metric tons of uranium hexafluoride (UF₆) annually for over three decades, which it says could equate to nearly 10% of current U.S. reactor demand. GLE also emphasized technical and regulatory progress, stating it has completed large-scale demonstration testing and achieved Technology Readiness Level 6, and that it is the only new market entrant with a NRC enrichment license application under review. As a reminder, GLE is jointly owned by Silex Systems (51%) and Cameco Corporation (49%) and is the exclusive worldwide licensee of the proprietary Separation of Isotopes by Laser Excitation (SILEX) laser enrichment technology (invented by Silex Systems), with Cameco serving as commercial lead and holding an option to increase its stake to as much as 75%.



ECONOMIC CONDITIONS

Canadian Gross Domestic Product (GDP) contracted by (0.3%) month-on-month (m/m) in October, in line with Statistics Canada's advanced guidance and market expectations. Goods industries contracted by (0.7%) m/m, while services contracted (0.2%) m/m. Compositionally, 11 of 20 industries registered a decline in the month. Manufacturing (1.5%), mining and oil and gas (0.6%) and construction (0.4%) all contributed to the decline on the goods side. On the services side, transportation and warehousing (1.1%), wholesale trade (0.9%), and retail trade (0.6%) all contributed to the decline. The education sector fell by (1.8%), weighed down by the teachers' strike in Alberta.

Canadian merchandise trade flips from a CA\$ 243 million surplus in September to a CA\$ 583 million deficit in October. Exports increased 2.1% m/m, driven almost entirely by a 47.4% increase in unwrought gold, silver

and platinum. Excluding this category, total exports shrunk (2.5%) m/m with 6 of 11 subsectors contracting. Exports to the United States (U.S.) declined by (3.4%), while exports to non-U.S. markets climbed 15.6%, mostly on account of gold exports to the United Kingdom, and crude oil to China. Goods imports increased 3.4% m/m in October, led by imports of electronic and electrical equipment gaining 10.2% m/m. Canada's merchandise trade surplus with the U.S. narrowed from CA\$ 8.4 billion to CA\$ 4.8 billion. In volume, exports were down (0.4%) m/m while imports increased 2.6% m/m.

Canadian unemployment jumps to 6.8% in October, from 6.5% in September. The increase is slightly above consensus expectations of 6.7%. Canada added 8,000 jobs in October, versus the expectation of a 2,500 decline. Full-time positions were up 50,000, and part-time jobs lost 42,000. The unemployment rate increase is driven by 81,000 new entrants into the labour force, which bumped the participation rate to 65.4%, its highest mark since June. Job gains were concentrated in health care and social assistance (+21,000), with other services (+15,000) and construction (+11,000) also being notable contributors. The biggest losses were in professional, scientific and technical services (-18,000), and accommodation and food services (-12,000).

US GDP rises 4.3% quarter-on-quarter (q/q) annualized pace in Q3 2025 initial estimate. This is well above the consensus forecast of 3.2%, and an acceleration from Q2's 3.8% q/q pace. Consumer spending rose 3.5% q/q, with both goods (+3.1%) and services (+3.7%) spending increasing. Business investment rose 2.8% q/q, marking a deceleration from a strong first half of the year. Residential investment declined (5.1%) q/q, as both homebuilding and sales activity remained subdued. Government spending increased by 2.2% q/q. International trade saw imports fall (4.7%) q/q and exports rise 8.8% q/q resulting in net exports contributing 1.6% to GDP growth.

US housing starts fell (4.6%) m/m in October to an annualized pace of 1.25 million units. Consensus expectations were for a 1.33-million-unit pace. October's decline was driven by a 22% decline in multi-family starts, while single-family starts increased 5.4% after two consecutive months in decline. Residential permits fell 0.2% m/m, with single-family permits declining 0.5% and multi-family increasing 0.2%.

US industrial production up 0.2% in November following a modest decline (0.1%) in October. The increase is driven by the mining sector improving by 1.7% after back-to-back months on the decline. Motor vehicles and parts declined for a third straight month and is down (5.6%) year-on-year (y/y). Production of computers and electronic products continued to grow, now up 8.6% y/y. Notably, manufacturing was flat following a 0.4% decline in October. The industrial capacity utilization rate edged up to 76.0% from 75.9% in October.

US Institute for Supply Management (ISM) manufacturing index declined to 47.9 in December, the 9th consecutive month in contractionary territory. Only two industries reported growth last month, down from four in November. The share of manufacturing GDP reporting a contraction increased sharply to 85%, up from 58% in November. The production index remained in expansion territory at 51.0, down slightly from November's 51.4. Price gains were flat in December at 58.5, the employment index remains contractionary but improved to 44.9 from 44.0.

US non-farm payrolls increase 50,000 in December, sizeable downward revisions come to November and October payroll reports. The non-farm

payroll increase comes in below expectations of a 70,000 increase. November jobs were revised down to 56,000 increase from 64,000, and October was revised to a 173,000 decrease, from 105,000 decline. The revisions bring the three-month average to (-22,000) jobs. For the full year 2025 the US added 584,000 jobs, well below the 2.0 million from 2024. Average hourly earnings increased 0.3% m/m, now up 3.8% y/y.

China's Consumer Price Index (CPI) inflation hits a three-year high in December, accelerating to 0.8% y/y. The increase was in line with expectations, however for the full year 2025 inflation was flat. The uptick was driven by increases in food prices with fresh vegetable prices increasing 18.2% and beef prices rising 6.9%. Core inflation, which strips out food and fuel, held steady at 1.2% in December.

Eurozone manufacturing Purchasing Managers' Index (PMI) fell to 48.8 in December, from 49.6 in November. December's reading is the lowest in 9 months, and below consensus expectations of 49.2. The output subindex fell into contraction territory at 48.9, from 50.4 marking its first contraction since February. Germany, the bloc's largest economy, recorded the weakest performance among the eight nations monitored with the PMI reading hitting a 10-month low. Italy and Spain also slipped back into contraction territory.

Japan's PMI index rose to 50 in December from 48.7, hitting the breakeven point between contractionary and expansionary readings. December's reading breaks a 5-month streak of contractionary readings. Staffing levels in the manufacturing sector rose for the 13th consecutive month, while the rate of input prices accelerated to its highest since April, due to a combination of increases in raw material, labour and transportation costs as well as the weaker yen.



FINANCIAL CONDITIONS

United States (US) President Donald Trump is directing the federal government to buy US\$ 200 billion in mortgage bonds. The President said Thursday that the two mortgage giants under government conservatorship, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), have US\$ 200 billion in cash that will be used to make the mortgage bond purchases. The President also said, "This will drive Mortgage Rates DOWN, monthly payments DOWN, and make the cost of owning a home more affordable." With the US\$ 200 billion purchase effectively exhausting current statutory limits, the strategy's durability now hinges on whether the Federal Housing Finance Agency (FHFA) decides to controversially raise portfolio caps to sustain the intervention or accepts this as a finite, one-time stimulus.

Gold overtakes US Treasuries as the world's largest foreign reserve asset. The total value of gold held by foreign official institutions is now approaching US\$ 4 trillion, exceeding roughly US\$ 3.9 trillion in US Treasury holdings for the first time since 1996.

Meeting minutes for the Federal Reserve Open Market Committee (FOMC) December meeting have been released. The FOMC cut rates by 25 basis points in December to a target range of 3.5%–3.75%. The minutes showed the committee is concerned about elevated inflation and labour market conditions. The minutes noted "some participants" mentioned that "elevated

inflation might prove more persistent than expected” and “that downside risks to employment had risen in recent months.” The decision was a close call and the minutes noted: “A few of those who supported lowering the policy rate at this meeting indicated that the decision was finely balanced or that they could have supported keeping the target range unchanged.”

The US 2-year/10-year Treasury spread is now 0.65% and the United Kingdom (UK)’s 2-year/10-year Treasury spread is 0.73%. 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 US 30-year mortgage market rate is now 6.16%. Existing US housing inventory is at 4.2 months’ supply of existing houses as of January 12, 2026—well off its peak during the Great Recession of 11.1 months, and we consider a more normal range of 4–7 months.

The Chicago Board Options Exchange Volatility Index (VIX) is at 15.07 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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