
## MARCH 22, 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

**Berkshire Hathaway Inc. (Berkshire)** – has increased its stakes in Japan's five major trading houses. Through its insurance subsidiary, National Indemnity Company, Berkshire raised its holdings in Mitsui & Co. Ltd. to 9.82% from 8.09%, with similar increases reported in Mitsubishi Corporation, Sumitomo Corporation, Itochu Corporation, and Marubeni Corporation. The move follows Buffett's recent annual letter to shareholders, where he revealed that the five trading companies had agreed to relax ownership limits that previously capped Berkshire's stakes below 10%. Buffett noted that Berkshire's holdings in these firms would likely "increase somewhat" over time. Often referred to as "sogo shosha," these Japanese trading houses operate across diverse sectors, including commodities, energy, shipping, metals, logistics, and consumer goods, acting as key intermediaries in global trade. Berkshire first began investing in them nearly five years ago, and these latest increases signal continued confidence in their long-term value.

**Brookfield Asset Management (Brookfield)** – is reportedly the leading contender to acquire Colonial Pipeline Company (Colonial Pipeline) in a potential deal valued at over US$10 billion, including debt. Brookfield is seen as the frontrunner, though discussions are ongoing, and no final decisions have been made. Colonial Pipeline operates a 5,500-mile system stretching from Houston to New York Harbor, transporting approximately 100 million gallons of fuel daily, including gasoline, diesel, jet fuel, and heating oil. While some current owners may retain stakes in the company, others have been exploring divestment options since mid-2023. Colonial Pipeline is currently owned by a group including Canadian pension fund Caisse de dépôt et placement du Québec (CDPQ), IFM Investors Pty Ltd, KKR & Co LP (KKR), Shell plc, and Koch, Inc.

**Carnival Corporation & plc (Carnival)** – reported record financial results for first quarter (Q1) 2025, with revenue reaching US$5.8 billion—over $400 million higher than the same quarter last year. Strong demand and onboard spending drove net yields up 7.3%, significantly outperforming previous guidance. Operating income nearly doubled to $543 million, and adjusted net income totaled $174 million, beating expectations by $173 million. The company continued to strengthen its balance sheet by refinancing $5.5 billion in debt, resulting in $145 million in annual interest savings and reducing total debt by $0.5 billion. Customer deposits hit a Q1 record of $7.3 billion, reflecting strong booking trends. Looking ahead, Carnival raised its full-year 2025 outlook. Net yields are expected to rise 4.7% year-over-year (y/y), with adjusted EBITDA projected at $6.7 billion and net income up over 30%. The company anticipates reaching its 2026 financial targets a year early. For the second quarter (Q2) 2025, it expects net yields up 4.4% and adjusted EBITDA of $1.3 billion, supported by strong forward bookings and resilient pricing.

**Reliance Industries Ltd. (Reliance)** – OpenAI, Inc. (OpenAI) and Meta Platforms, Inc. (Meta) are each seeking a potential alliance with India's Reliance, The Information reports. OpenAI executives have spoken multiple times with their counterparts at Reliance in recent months about a potential product and sales partnership, The Information says, citing unidentified people who spoke with executives at both companies. OpenAI would like Reliance's business units, such as wireless carrier

Reliance Jio Infocomm Limited, to sell or distribute its artificial intelligence (AI) solutions that could include ChatGPT, the people told the media outlet. But Meta could present competition for OpenAI. Meta also seeks to work with Reliance on new AI businesses, The Information reports, citing an unidentified Meta employee involved in discussions regarding the potential venture. A deal with Reliance could potentially help Meta and OpenAI bolster their relations with Indian government officials concerned about foreign AI companies edging out local firms. A partnership could also help to improve their standing among the country's consumers and businesses.

**Reliance** – DP World Ltd (DP World) and Reliance have teamed up to launch an innovative logistics solution for the petrochemicals industry, shifting product transport from road to rail, significantly cutting carbon emissions while enhancing operational efficiency. The new solution connects Reliance's Jamnagar plant in Gujarat to DP World's inland container depot in Ahmedabad and onward to the port of Mundra. Previously, the Mundra-Jamnagar-Mundra round trip involved approximately 700 kilometers (km) of road transport for each container. With the new solution, the Ahmedabad-Jamnagar-Mundra route, also approximately 700km, has been converted to rail. This transition eliminates the environmental and operational challenges associated with long-distance road transport while maintaining the same coverage. The integrated rail service enables the transport of up to 1260 tonnes of cargo and consolidates up to 45 containers in a single movement, streamlining logistics and reducing the need for multiple trailers and drivers. This not only cuts down on transportation costs but also ensures seamless vessel connectivity for timely exports. By reducing over 700 km of road transport per container, the rail solution significantly reduces carbon emissions and contributes to Reliance's environmental goals. Spanning over a decade, this collaboration is an extension of the longstanding partnership between Reliance and Unifeeder A/S, a DP World company, which acts as Reliance's primary logistics service provider. The new rail service is part of a long-term contract, with plans to expand capacity and offer more flexibility to meet Reliance's growing logistics needs.

## DIVIDEND PAYERS

GO TO PORTLAND CANADIAN BALANCED FUND[1]

**The Cigna Group (Cigna)** - Global health company Cigna announced the successful completion of the sale of its Medicare Advantage (Medicare Part C), Cigna Supplemental Benefits, Medicare Prescription Drug Benefit (Medicare Part D), and CareAllies, Inc. (CareAllies) businesses to Health Care Service Corporation (HCSC). The divestment of these assets streamlines Cigna's portfolio and enables it to drive further innovation to support customers. As previously announced, proceeds from the sale will be used in alignment with Cigna's capital deployment priorities, with the majority expected to be allocated to share repurchases. "We are proud of the positive impact we have made in people's lives and the unique value provided through our Medicare businesses and are confident that HCSC will continue the meaningful work that we have done for these customers. We remain committed to serving Medicare populations through the portfolio of products and services we offer through Evernorth Health Services," said David M. Cordani, Chairman and Chief Executive Officer (CEO) of Cigna. Cigna will continue to provide pharmacy benefit services and other solutions to the Medicare businesses through its health services company Evernorth Health Services as part of services agreements with HCSC for an agreed period post-closing. "This transaction is fully aligned with our mission of expanding access to quality health care by adding capabilities and deepening our geographic presence across the United States," said Maurice Smith, HCSC's CEO, President and Vice Chair. "We recognize that the health and wellness needs for older Americans are growing, and we plan to have an important role in helping seniors live healthier, fuller lives. We are excited to welcome our new Medicare members and the employees who will continue to help them achieve their best health." The transaction is not expected to disrupt coverage or service for customers, clients, providers, or brokers of the Medicare or CareAllies businesses. Coverage continues and remains unchanged, helping to ensure that patient care continues seamlessly, with no disruption. Medicare customers with questions about their coverage are able to contact the number on their member ID card.

**CK Hutchison Holdings Limited** - The Board of Directors recommends a final dividend of HK$1.514 per share (2023 final dividend – $1.775 per share), payable on Thursday, 12 June 2025, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 28 May 2025, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of $0.688 per share, the full year dividend amounts to $2.202 per share (2023 full year dividend – $2.531 per share).

The Ports and Related Services division reported revenue of $45,282 million, an increase of 11% compared to 2023, primarily driven by 6% higher throughput with growth across all segments, a 13% uplift in storage income and the favourable performance of a shipping line associated company. Consequently, EBITDA of $16,172 million and earnings before interest and taxes (EBIT) of $11,873 million, increased by 19% and 27% respectively compared to 2023, due to higher revenue as mentioned above and effective cost controls. Looking ahead to 2025, there may be headwinds with supply chain disruptions anticipated in the early part of the year due to shipping lines transitioning into their new alliances, as well as ongoing geopolitical risk impacting global trade. However, moderate organic growth is expected to continue mainly from Asia and Middle East, which together with expansion at existing terminal facilities and strengthening strategic partnerships, the division will look to deliver improvements in operating results in the coming year.

The Retail division's total revenue of $190,193 million increased by 4% in reported currency against last year, while EBITDA and EBIT of $16,395 million and $13,018 million both increased by 1%. In local currencies, total revenue increased by 5%, while EBITDA and EBIT both increased by 2%. Most operations in this division delivered favourable performance, except for non-ASEAN (Association of Southeast Asian Nations) Asia regions which suffered from declined store footfall and weak consumer confidence. Excluding the non-ASEAN Asia regions, EBITDA and EBIT both achieved a strong growth of 10% in local currencies against last year. Looking ahead, the European and ASEAN Asian businesses are projected to maintain strong performance, while the Asian operations in non-ASEAN markets are anticipated to show improvement through store network optimisation and various strategic actions. Leveraging its 170 million loyalty customer base, this division will focus on deepening customer engagement and maximising lifetime value, maintaining a rapid return on investment for store openings, as well as delivering revenue growth through its online plus offline platform strategy.

The infrastructure division comprises a 75.67% interest in CK Infrastructure Holdings Limited (CKI), a subsidiary listed in Hong Kong as well as interests in six co-owned infrastructure investments with CKI. Profit contributions from operating businesses held within CKI reported strong growth of 10% y/y. However, net profit was impacted by treasury items including higher interest cost and lower foreign exchange gain, resulting in the announced net profit under Post-IFRS 16 basis of $8,115 million being 1% higher than last year. Looking into 2025, this division's regulated businesses will continue to provide steady and recurring income, and the non-regulated businesses will also generate good growth contributions. Together with its strong financial position, this division is well placed to capitalise on investment opportunities as they arise.

Revenue of CK Hutchison Group Telecom Holdings Limited (CKHGT) was $88,371 million (€10,458 million), 2% higher against last year in reported currency. EBITDA and EBIT of $24,129 million (€2,855 million) and $3,485 million (€405 million) were 8% and 54% higher than last year in reported currency, primarily due to better performance of 3 Group Europe (a subsidiary of CK Hutchison Holdings Limited, through Hutchison 3G Enterprises S.A.R.L.) operations.

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**Olema Pharmaceuticals, Inc.** – reported strong progress in 2024, with significant developments in its clinical trials and partnerships. Key highlights include the ongoing pivotal Phase 3 OPERA-01 trial of palazestrant as a monotherapy for metastatic breast cancer, with top-line data expected in 2026. The company also initiated the OPERA-02 trial, a collaboration with Novartis, testing palazestrant in combination with ribociclib for frontline metastatic breast cancer.

**Telix Pharmaceuticals Limited (Telix)** – announced that its prostate cancer imaging agent, Illuccix®, has been approved by Brazil's Health Regulatory Agency (ANVISA), making it the first prostate-specific membrane antigen – positron emission tomography (PSMA-PET) imaging agent to receive full regulatory approval in the country. Illuccix® is used to detect prostate cancer lesions in men with suspected metastasis or recurrence. Telix has partnered with R2PHARMA S/A to distribute Illuccix® in Brazil, and the two companies are forming a joint venture, Telix Innovations Brazil, to expand access to innovative radiopharmaceuticals in the region.

**Telix** – announced that the U.S. Food and Drug Administration (FDA) has approved its next-generation prostate cancer imaging agent, Gozellix® (TLX007-CDx), a PSMA-PET imaging agent. Gozellix® is designed for PET scanning of PSMA-positive lesions in men with prostate cancer who have suspected metastasis or recurrence. The product offers a longer shelf life, and a broader distribution radius compared to existing gallium-based imaging agents, enabling access to more patients, especially in underserved areas.

## NUCLEAR ENERGY

**Assystem S.A. (Assystem)** – reported strong 2024 results, driven by its continued focus on expanding in the nuclear sector. Revenue rose 5.8% to €611.3 million, with 5.2% organic growth. In France, where nuclear accounts for 86% of revenue, growth was 7.6%, while international revenue grew 13.7%, with 50% from nuclear activities. EBITA increased 7.8% to 40.3 million, with margins improving slightly to 6.6%. Operating profit fell to 24.3 million from 42.1 million due to lower non-recurring gains and higher share-based payments. Net profit declined to 7.5 million from 102.8 million in 2023, which included a one-off gain from the Framatome stake. Free cash flow improved to 30 million, and net debt slightly declined to 49.3 million. A stable 1.00 per share dividend is proposed for 2024. Expleo Group SAS, in which Assystem holds a significant stake, saw flat EBITDA and posted a 47.9 million loss for the year. For 2025, Assystem expects modest organic revenue growth and stable margins, excluding the impact of its recent acquisition of UK-based Mactech Energy Group Limited.

**Oklo Inc. (Oklo)** – has reached key milestones in advancing its first commercial fission powerhouse in Idaho. The company finalized a Memorandum of Agreement with the U.S. Department of Energy (DOE) and signed an Interface Agreement (IAG) with Idaho National Laboratory (INL), reinforcing its commitment to environmental compliance throughout the site investigation phase. In collaboration with INL, DOE, and local Shoshone Bannock Tribes, Oklo has completed cultural and biological surveys as part of its site characterization efforts. CEO Jacob DeWitte highlighted the agreements as significant progress toward the company's goal of building a next-generation nuclear facility, emphasizing a development process that is both efficient and sustainable. The IAG marks a crucial regulatory step, enabling Oklo to maintain project momentum while addressing environmental responsibilities early in the process. The company's proactive strategy aims to minimize delays and risks, supporting its targeted construction timeline. Oklo is working with the U.S. Nuclear Regulatory Commission (NRC) in a Pre-Application Readiness Assessment for its combined license application for the Aurora Powerhouse at the Idaho National Laboratory. Starting in late March 2025, the assessment will focus on the siting and environmental aspects of Oklo's application, allowing both Oklo and the NRC to familiarize themselves with the licensing materials ahead of the formal review.

**Plug Power Inc. (Plug Power)**– announced the pricing of an upsized US$280 million underwritten offering, which includes 46.5 million shares of common stock and pre-funded warrants to purchase approximately 139 million additional shares. The combined offering price is $1.51 per share of common stock and accompanying warrant, or $1.509 for pre-funded warrants. The net proceeds will be used for working capital and general corporate purposes, helping strengthen the company's financial position as it aims for profitability in 2025. The offering, set to close on March 20, 2025, is expected to support Plug Power's strategic growth and sustainability initiatives.

## ECONOMIC CONDITIONS

**U.S. Housing Starts** - U.S. housing starts increased 11.2% in February. But that comes after a like-sized decline in the prior month when weather-related factors hampered activity. Building permits are a good proxy for future home construction and they fell 1.2%. Meantime, Monday's National Association of Home Builder's report showed homebuilder confidence wilted to a 7-month low in March amid concerns over elevated mortgage rates, the growing number of unsold new homes, and potentially higher building costs due to tariffs. This suggests the housing market will continue to face headwinds for some time.

**U.S. Industrial Production** - U.S. industrial production climbed 0.7% in February. Manufacturing output (the biggest share of industrial production) was boosted by an 8.5% rebound in motor vehicles and parts, likely front-loading ahead of tariffs. Mining climbed 2.8%, marking the biggest jump in a year, while utilities fell 2.5%. The capacity utilization rate rose for a third straight month, up 0.5 percentage points (ppts) to 78.2%.

**Canadian Inflation** - Canadian Inflation data rose sharply in February, headline jumping from 1.9% y/y to 2.6%, its highest level since June 2024. While the unwind of the tax holiday was a big contributor, there were pockets of other strength in the data that suggest inflation pressures are a bit stronger than previously thought. The uptick really underscores the notion that future Bank of Canada easing is contingent on ongoing trade disruption with the U.S.

**U.S. Existing Home Sales** - U.S. existing home sales unexpectedly jumped 4.2% to 4.26 million annualized in February, reversing some of the prior month's drop. The level remains subdued amid elevated mortgage rates and high home prices. Sales of single-family homes jumped to a one year high, while condos wilted to match the lowest level in 5 years. Regionally, the gains were concentrated in the West (+13.3%) and South (+4.4%) after frigid temps and the devastating Los Angeles wildfires halted activity in the prior month. The median selling price climbed 3.8% y/y amid lack of inventory. At the current pace, it would take 3.5 months to sell all homes on the market. While that's higher than the extreme lows seen during the pandemic frenzy, that still reflects a fairly tight market.

**Australian Jobs** - Australian jobs reduced by 52.8 thousand (k) (consensus: 30k, prior: 44k), a big downside miss after the improved labour market data the past few months. By breakdown, full-time jobs were down 35.7k (prior: +54.1k) while part-time jobs clocked losses of 17.0k (prior: -10k). The participation rate plunged to 66.8% from the record high of 67.3% last month and pinned the unemployment rate unchanged at 4.1% despite the job losses. The overall weak result was put down to 'fewer older workers returning to work in February'. While one data point doesn't make a trend, markets may be quick to extrapolate that the economy could be weakening soon in the face of reciprocal tariffs from the U.S.

## FINANCIAL CONDITIONS

**Bank of Japan** - The Bank of Japan kept the target rate on hold at 0.5% (consensus: 0.5%) in a unanimous 9-0 vote. The much earlier release of the policy decision compared to usual norms also reflect that it was a straightforward conclusion from the Board that they are comfortable with their current policy stance despite stronger domestic inflation and wage outcomes. The Bank of Japan repeated the same lines as back in January, expecting foreign exchange to affect prices more likely than before, high uncertainties around economic activity and prices and that the virtuous cycle of wages and prices is projected to intensify.

**U.S. Federal Reserve** - The Federal Open Markets Committee kept the target policy range unchanged at 4.25-4.50%, in line with market pricing and a unanimous consensus. This is the 2nd consecutive 'hold', leaving the policy rate 100 basis points (bps) below last year's peak. The U.S. Federal Reserve will begin to slow the pace of its balance sheet run-off starting in April. The monthly pace of run-off will move to US$5 billion (from $25 billion). They will maintain the monthly redemption cap on Mortgage Backed Securities ($35 billion). There were no changes to the statement's economic or inflation assessment. However, the statement drops the reference that risks to the dual mandate are "roughly in balance". They now add that "uncertainty around the economic outlook has increased". The Federal Open Markets Committee's next decision will take place on May 7th.

**Bank of England** - The Bank of England left rates unchanged at 4.5% as widely expected in an 8-1 vote with members favouring a cautious approach. Markets were expecting a 7-2 vote but Catherine Mann who dissented last meeting decided to switch and vote with the majority. It was not a Monetary Policy Review meeting so there was no updated forecasts or press briefing so little else to go on except the vote.

The U.S. 2 year/10 year treasury spread is now 0.30% and the U.K.'s 2 year/10 year treasury spread is 0.47%. 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 6.67%. 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 18.25 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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