NEWS HIGHLIGHTS

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

JANUARY 23, 2023

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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

Ares Management Corporation (Ares) – Ares announced that Jana Markowicz was appointed as its Chief Operating Officer (COO). In this newly created role, Ms. Markowicz will also serve as COO of Ares' U.S. Direct Lending strategy where she will collaborate with the U.S. Direct Lending Co-Heads and Investment Committee members in the management of the team and strategy. Ms. Markowicz joined Ares in 2005 as a member of the U.S. Direct Lending investment team, supporting in the negotiation and origination of private credit transactions. She has been instrumental in the growth of Ares' U.S. Direct Lending strategy, serving as Partner, Head of Product Management and Investor Relations for this strategy and will continue to lead in this capacity as part of her new role. Prior to joining Ares 18 years ago, Ms. Markowicz started her career in Leveraged Finance at Citigroup, formerly Salomon Smith Barney Holdings Inc., where she focused on financings for companies across a broad range of industries. She holds a B.Sc. from the University of Pennsylvania in Engineering, with a concentration in Economic and Financial Systems. "Jana is a proven leader on our U.S. Direct Lending team with extensive knowledge of our origination, underwriting and portfolio management process," said Kipp deVeer, Chief Executive Officer of Ares Capital. "In her new role as COO, we believe Jana's experience and strategic insights will help us further strengthen our market leading position and enable us to continue generating attractive long-term value for our shareholders."

Berkshire Hathaway Inc. (Berkshire) – AP Emissions Technologies (AP) has been acquired by Marmon Holdings Inc. (Marmon), a Berkshire Hathaway company, effective January 1, 2023. A leading innovator of emissions control products serving the North American automotive aftermarket, AP joins Marmon after working closely together on this strategic acquisition. Founded in 1927, AP is known for high-quality emissions products and is a vertically integrated manufacturing operation headquartered in Goldsboro, North Carolina. With plants in Hobart, Indiana, and Langhorne, Pennsylvania, the company employs more than 750 people. Marmon comprises more than 100 businesses serving diverse industries and markets worldwide, with more than 25,000 employees and annual revenues exceeding US$10 billion. "Marmon was the right buyer for our employees, our customers and our suppliers to take AP to the next level and carry on the company mission," said previous owner Vange Proimos. "AP and Marmon have the same principles: investing in its most valuable asset, its people, while remaining focused on developing category leading innovations for the customer." The AP management team will continue to lead the business under the leadership of Rich Biel, president and long-time Marmon executive. "I am excited to work with Gary Nix and the whole AP team as we begin this new chapter of an outstanding company," said Biel. "As part of Marmon, AP will accelerate investments in innovation and automation to make our products even better and grow in value to our customers."

Brookfield Asset Management Inc. (Brookfield) – A media report said American Tower Corporation and Brookfield were weighing a possible takeover bid for Cellnex Telecom SA (Cellnex), the mobile phone tower operator. Barcelona-based Cellnex this month said CEO Tobias Martinez would step down after the company in November announced a strategy shift away from acquisitions to focus on lowering debt. After borrowing heavily to build the largest cellphone mast network in Europe, mainly through acquisitions, it has adopted a "more conservative financial risk profile" in the face of rising interest rates.

Australia's **Origin Energy Limited (Origin)** has extended the exclusivity period for a Brookfield-led consortium to finalise its AU$15.5 billion (US$10.81 billion) buyout bid. The exclusivity period has been extended to January 24, upon the consortium's request, Origin said. It is the second extension since the talks were first disclosed. Origin did not specify a reason for the extension, which sparked concern about the fate of the bid. In December when the exclusivity period was first extended, Origin said Brookfield and its bidding partner, MidOcean Energy, owned by private equity firm EIG Partners, had found no material adverse matters and were working to confirm the offer. Origin said in November it would back the proposed offer if it went ahead. The $10.8 billion deal is set to be one of the biggest private equity-backed buyouts of an Australian company.

Alphabet Inc. (Alphabet) announced that it is cutting around 6% of its global workforce with the company saying that it had "hired for a different economic reality" than the environment it faces now. "We've undertaken a rigorous review across product areas and functions to ensure that our people and roles are aligned with our highest priorities as a company," CEO Sundar Pichai said in an open letter to the company, adding that the layoffs will impact units across Alphabet and not just Google, and that all regions and product areas will be affected. Alphabet's workforce reduction follows similar moves from its large tech peers in recent months, including Microsoft Corporation's cut of 10,000 jobs earlier this week, Amazon.com, Inc.'s reduction of 18,000 jobs, and Meta Platforms Inc.'s layoff of 11,000 roles in November. "As an almost 25-year-old company, we're bound to go through difficult economic cycles … These are important moments to sharpen our focus, reengineer our cost base, and direct our talent and capital our highest priorities," Mr. Pichai continued.

Amazon.com, Inc. (Amazon) is piloting a new Prime membership tier in India that provides customers with access to features such as free two-day delivery and ad-supported Prime Video in standard definition at a lower price point. Labeled "Prime Lite," the cheaper tier is available to select customers at an annual price of US$12 (999 Indian rupees), which is below the regular annual Prime membership price of $18 (1499 rupees). Prime membership has been available in India since 2016, though the product was initially launched at a price point of $12 per year before several price hikes that increased the cost to $18 per year by December 2021. The new offering comes several weeks after Amazon launched Prime Gaming in India, which is a gaming-focused service that is complementary to Amazon Prime and Prime Video subscribers.

Amazon announced it is discontinuing its charity program, AmazonSmile, as the company undergoes broader cost reduction efforts amidst macro headwinds to growth. Through the program, Amazon donates a percentage of eligible purchases on the site to a user's chosen charity organization; the company said it has donated roughly US$500 million to charities since the program's launch in 2013. "After almost a decade, the program has not grown to create the impact that we had originally hoped. With so many eligible organizations – more than 1 million globally – our ability to have an impact was often spread too thin," said the company. AmazonSmile plans to wind down by February 20 and the discontinuation follows similar recent cost reduction moves by the company, which include layoffs, a pause in warehouse expansion, and the shuttering of several experimental projects.

Reliance Industries Limited (Reliance) – Reliance secured board approval to raise as much as 200 billion rupees (US$2.5 billion) as the company prepares to repay upcoming maturities and fund new projects. India's largest company by market value plans to raise the funds through private placement of bonds in one or more tranches, according to an exchange filing Friday. Reliance, which did not specify the use of the proceeds raised through this bond sale, is embarking on a capital expenditure program that includes $75 billion for green energy and $25 billion for 5G rollout in India. It also has nearly 250 billion rupees in bonds due for repayment over the next 1.5 years. The fund-raising plans come at a time when the business is facing rising interest rates. Reliance had debt of 3.04 trillion rupees as of December 31, an increase of 24% compared to the year-ago period, while cash and equivalents fell 20% to 1.93 trillion rupees, according to the earnings exchange filing Friday. That leaves it with net debt of 1.1 trillion rupees, reflecting a sharp turn in strategy from the much-touted zero-net-debt status it achieved in 2020. Finance cost jumped 36% for the latest quarter primarily due to interest rate hike by central banks and higher loan balances, according to the CFO comments on Friday. Reliance's multiple growth engines, Reliance Retail Limited and Reliance Jio Infocomm Ltd. (Reliance Jio), continue to deliver solid performance that can help fend off concerns around its leverage. Reliance also has a strong reputation in the debt market. Its local-currency bonds carry a safest AAA rating while its foreign-currency debt is rated Baa2 by Moody's Investors Service, one notch higher than the sovereign, enabling it to borrow at very competitive rates. Reliance is in the process of building four giga-factories to make solar modules, hydrogen electrolyzers, fuel cells and storage batteries, as it diversifies beyond its fossil fuel roots. It also has ambitious plans to make India a hydrogen hub.

Reliance posted a larger-than-expected quarterly profit as growth in its consumer units offset the weakness in its traditional petrochemicals business. Net income fell 15% to 157.9 billion rupees (US$1.9 billion) in the quarter ended December 31 but was still higher than the average 156.19 billion rupees estimated by consensus. Analysts had been penciling in a steeper drop in profit due to windfall taxes on fuel exports and as last year's numbers were flattered by a one-off gain. Reliance's quarterly profit was eroded by 18.98 billion rupees due to a tax imposed on fuel exports against windfall gains made by refiners benefiting from the Russia-Ukraine conflict. Revenue rose 15% compared to the year-ago period at 2.2 trillion rupees. Total costs surged 16% to 2 trillion rupees. Reliance saw a decline in petrochemical margins as the company is pivoting his fossil operations toward green energy. Reliance Retail Limited and Reliance Jio which are both market leaders in their respective sectors, continue to propel the parent's profit. Reliance Jio has begun launching 5G services in India. Analysts are also waiting for more details on Reliance's plans to spin-off and list Jio Financial Services to feed its consumer businesses, an announcement that came through as part of the last quarterly earnings. Reliance Jio's net income jumped 28.3% to 46.38 billion rupees. It had 432.9 million users as of end-December, almost 3% higher from last year: filing. Reliance Retail Limited revenue at 676.3 billion rupees, +17% year over year.

Samsung Electronics Co., Ltd. (Samsung) - Samsung is struggling to collect manufacturing incentives it considers it's owed by India, highlighting the complicated nature of such government programs. Samsung's India unit is seeking just under 9 billion rupees (US$110 million) in incentives for the fiscal year through March 2021, people familiar with the matter said. However, the government is only willing to give the South Korean firm 1.65 billion rupees unless it can provide more information and documents to support its claim, the people said, asking not to be identified as the matter isn't public. The incentives are a key component in Indian government's drive to make India an electronics manufacturing hub. The country in 2020 announced

$6.7 billion in production-linked incentives (PLI), promising cash to companies on sales of locally made smartphones. That plan has encouraged Samsung to build devices worth billions of dollars in the country, making it the largest exporter of smartphones from India in the latest fiscal year. Samsung is in discussions with the government on the incentive payout, a company spokesman said via email, adding that the phone maker is working with various stakeholders to make the PLI program successful. The dispute concerns the first year Samsung participated in the incentive program. In contrast, Apple Inc. (Apple) supplier Hon Hai Precision Industry Co., Ltd. (Foxconn)'s India unit has already won 3.6 billion rupees of benefits for the following fiscal year that ended in March 2022. Claims by Wistron Corporation (Wistron), another key Apple contract manufacturer, are being processed. Unlike contract manufacturers such as Foxconn and Wistron, Samsung both builds and sells its devices to retailers and consumers. That may have led to disparate accounting assessments of the valuation of each device, the people said. The government awards the cash incentives based on a device's manufacturing cost. India is Samsung's biggest smartphone market outside of South Korea by volume and crucial to its growth. The company, which operates what it once said was the world's largest phone factory on the outskirts of New Delhi, exported about $3 billion of the devices from India in the year through March 2022.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

The Procter & Gamble Company (Procter and Gamble) reported Core earnings per share (EPS) of US$1.59, which compares to Consensus $1.60, below-the-line items added approximately $0.02 per share. Total company volume fell -6% with stronger price/mix making up the difference as headwind from currency & commodities on gross margins was -440 basis points less than expected. Fabric & Home Care organic sales +8% driven by favorable mix. Grooming organic sales flat with volumes down -8% vs. reference to retailer inventory destocking. Combined cost savings in cost of goods sold and selling, general, and administrative expenses were 110 basis points compared to expectations of about 200 basis points. 2023 Fiscal Year Guidance: Maintained EPS: +0-4% year over year growth toward lower end of the range. Current Consensus assumes +1% year over year growth and $5.85 EPS. Raised 2023 fiscal year organic growth: +4-5% (from +3-5%). Consensus +5.1%. Raised fiscal 2023 net sales growth: (-1% to 0%) from -3% to -1%. Consensus currently stands at flat revenue growth. Dividends: around $9 billion. Share repurchases: $6-8 billion.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

GO TO ITM AG INVESTMENT TRUST[1]

GO TO ITM AG INVESTMENT LP[1]

Guardant Health Inc. (Guardant) – Guardant and The Royal Marsden NHS Foundation Trust partnered on highly anticipated TRACC Part C trial to use Guardant Reveal blood test to help guide treatment decisions in colorectal cancer. This study will evaluate the use of circulating tumor DNA (ctDNA) to guide chemotherapy treatment decisions after curative-intent surgery in patients with early-stage colorectal cancer (CRC). The trial is intended to determine whether patients can be spared unnecessary chemotherapy and the associated side effects if they test negative for ctDNA using the Guardant Reveal blood test following surgery. The study will use the Guardant Reveal blood test to detect minimal residual disease by measuring the DNA shed from tumor cells into the bloodstream. Global studies have shown that a negative ctDNA result after surgery is associated with a significantly lower likelihood of the cancer returning. The TRACC Part C trial aims to evaluate the use of ctDNA results from the Guardant Reveal test to guide chemotherapy treatment decisions in a multi-center, prospective, randomized study over the next four years. TRACC Part C began opening sites in August 2022 and will involve approximately 40 sites across the United Kingdom with a planned recruitment of 1,621 patients over four years. The Royal Marsden NHS Foundation Trust announced that the first patient was enrolled in TRACC Part C in September 2022. The trial is funded by the Efficacy and Mechanism Evaluation (EME) Programme, a Medical Research Council (MRC) and National Institute of Health Research (NIHR) partnership.

IGM Biosciences, Inc. (IGM) – IGM announced that the first patient has been dosed in its Phase 1 clinical trial evaluating IGM-7354, a targeted IL-15/IL-15R IgM antibody which could potentially be used for the treatment of patients with solid and hematologic malignancies. The multicenter, open-label, dose escalation Phase 1 clinical trial will evaluate IGM-7354 intravenously administered as a monotherapy in patients with relapsed and/or refractory solid tumor cancers. The key objectives of this trial are to provide an initial assessment of pharmacokinetics, safety and immune cell proliferation. If IGM-7354 shows an encouraging safety profile and significant increases in T cells and natural killer (NK) cells in this clinical trial, the company may begin combination studies of IGM-7354 with T cell engaging antibodies in 2024. The company may also decide to pursue combination studies with CAR-T or CAR-NK cells with a partner.

Telix Pharmaceuticals Limited (Telix) – Telix issued its Appendix 4C quarterly cash flow statement and accompanying Activities Report for the quarter ended December 31, 2022. Telix achieved positive cash flow from operating activities: net operating cash flow improved by US$6.9 million over the prior quarter to a $1.6 million inflow for the quarter. Cash receipts from customers were $72.2 million, up 62% from

$44.5 million in the prior quarter. In the fourth quarter of 2022, the third quarter of commercial sales, Telix generated $76.8 million (US$50.5 million) revenue from sales of its prostate cancer positron emission tomography (PET) imaging agent, Illuccix®. This represents a 43% increase on the prior quarter ($53.7 million, in the third quarter of 2022). Sales momentum continues to build, due to active reimbursement and growth across three major segments of hospital customers, independent imaging centres and government (Veterans Affairs) customers. The company's distribution network now consists of 190 nuclear pharmacies nationwide, facilitating industry-leading on-time delivery and scheduling flexibility. Total revenue of $78.2 million was generated from prostate imaging sales (including commercial sales of Illuccix in the U.S.) during the quarter. Of this, $1.4 million was generated from rest of world sales, predominantly being pre-commercial sales in Europe and the United Kingdom.

ECONOMIC CONDITIONS

U.S. existing home sales fell for the 11th consecutive month (the longest stretch since the series began in 1999), though the 1.5% drop in December to 12-year lows of 4.02 million units annualized was modest compared to 1) expectations; and, 2) the last couple of months. Sales fell everywhere except for the West, and for both singles (-1.1%) and condos (-4.5%). Interestingly, the number of homes available for sale rose 10.2% from a year ago but the comparison may not be fair. Recall inventories plunged in December 2022 due to Omicron. Overall, any potential homebuyers are facing few options ... the months supply of homes is at a low 2.9 (normal is something in the neighborhood of 5.5 or so). And yet, prices aren't doing too much ... up about 2% year over year. No rush to sell, no rush to buy? Indeed, those high rates are still hurting this sector, though mortgage rates tumbled to a 4-month low this week of 6.15%, which may help later. Just not now.

U.S. Retail sales plunged 1.1% in December, much more than expected, and the prior month's decline was revised to -1.0% (from -0.6%). Nearly every major category posted declines, many for a second straight month. Autos, furniture, electronics, general merchandise, restaurants, all were sharply lower. Even online sales fell sharply. The headline figure was driven by a near 5% dive in gas station receipts, but even excluding autos and gas, sales were down 0.7% after a 0.5% spill in November. Some of this drop is price related, as core consumer price index (CPI) goods prices fell 0.3% in the month amid aggressive discounting by retailers to clear excess inventories. The "control" measure of retail sales that strips out autos, service stations, building materials and food services and feeds into the U.S. Bureau of Economic Analysis' measure of personal expenditures shrank 0.7%, the most since late 2021, after a moderate decline in November and 0.4% bounce in October.

UK unemployment remained at 3.7% in the three months ending in November, in line with the consensus—signalling a continued tight labour market. Wage growth came in stronger, with headline average weekly earnings increasing to 6.4% for the quarter (market: 6.2%) and the ex-bonus measure jumping to 6.4% for the quarter as well (market: 6.3%). For ex-bonus wage growth, this is the strongest number outside of the COVID-19 pandemic period. Overall, today's strong data should, in our view, motivate the Bank of England at its February meeting, towards a further 50 basis points rise.

Australian employment for December missed the consensus (+25,000) with employment down -14,600. Headline looked weak, but the split showed full time +17,600 while part time drove the softer headline (-32,200) which is a little surprising given that the data covered the period heading into Christmas. Despite the participation rate dropping from a record high 66.8% to 66.6%, the unemployment rate was unchanged at 3.5% (with November revised up from 3.4% to 3.5%) but the underemployment and underutilization rates nudged up 0.3% points to 6.1% and 9.6%, respectively. Adding to the soft tone, average hours worked were down 0.5% month over month, but the higher levels of illness could be to blame for reduced hours.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.71% and the UK's 2 year/10 year treasury spread is -0.10%. A narrowing gap between yields on the 2 year and 10 year Treasuries is of concern given its historical track record that when shorter term rates exceed longer dated ones, such inversion is usually an early warning of an economic slowdown.

The U.S. 30 year mortgage market rate has increased to 5.95%. Existing U.S. housing inventory is at 2.6 months supply of existing houses - well off its peak during the Great Recession of 9.4 months and we consider a more normal range of 4-7 months.

The VIX (volatility index) is 19.86 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally : *"When I was young I thought that money was the most important thing in life; now that I am old I know that it is..." ~Oscar Wilde*

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Net Asset Value:

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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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