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NEWS HIGHLIGHTS

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

FEBRUARY 21, 2023

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) - Reliance unveiled India's first Hydrogen Internal Combustion Engine technology solution for heavy duty trucks at the India Energy Week in Bangalore. The Hydrogen Internal Combustion Engine (H2ICE) powered trucks will emit near zero emissions, deliver performance on par with conventional diesel trucks and reduce noise and with projected reductions in operating costs thus redefining the future of Green Mobility. As part of its Net carbon Zero vison, Reliance with its vehicle partner Ashok Leyland Limited and other technical partners are engaged in developing this unique technology since the last year with first engines running in early 2022. Going forward, Reliance will first extensively test and validate the H2ICE technology for heavy duty trucks before its first commercial deployment at scale initially across its captive fleet. Simultaneously Reliance is pursuing the opportunity to create an end-to-end Hydrogen eco system for mobility.

SoftBank Group Corp. (SoftBank) - SoftBank is considering selling its stake in the holding company of The Raine Group (Raine) , the merchant bank that's advised on some of the Japanese company's biggest deals, people familiar with the matter said. The potential stake sale would fit into SoftBank's retrenchment from a deal-hungry technology conglomerate to one more focused on smaller investments, according to the people. SoftBank owns a small minority stake in Raine, they said, asking not to be identified discussing confidential information. Deliberations are ongoing and there's no certainty they'll lead to a transaction. Masayoshi Son, SoftBank's founder and chief executive officer, invested in Raine when it was launched in 2010 by Joseph Ravitch, an ex-partner at Goldman Sachs Group Inc., and Jeffrey Sine, a former senior banker at UBS Group AG.

The New York-based adviser has maintained a long and lucrative relationship with SoftBank, advising on some of its most high-profile deals. These included the acquisition of British semiconductor designer ARM, the biggest ever Asia-to-UK takeover which cost SoftBank more than US$200 million in fees and expenses. SoftBank has dramatically slowed the pace of dealmaking at its $100 billion Vision Fund.

Samsung Electronics Co., Ltd. (Samsung) - Samsung joined the latest funding round for Swedish fertility tracking app Natural Cycles as lead investor, seeking to introduce the female-health technology to its Galaxy series smartwatches. The Natural Cycles app, which monitors body temperature to gauge fertility, in 2018 became the first contraceptive of its kind to be approved by the U.S. Food and Drug Administration. Samsung expects to introduce the app on Galaxy Watch5 devices in the second quarter, with its investment part of a US$7 million funding round for NaturalCycles Nordic AB. The company, founded by physicist Elina Berglund and her husband Raoul Scherwitzl, raised a modest amount as it prioritized bringing in strategic partners to help expand the number of measuring options, Scherwitzl said in an emailed response to questions, declining to disclose a valuation. The app has more than two million users globally. Owners of the Oura smart ring have been able to use the app since August. In the U.S., currently its biggest and fastest-growing market, reproductive rights and privacy considerations have come into focus after the Supreme Court last year overturned the landmark Roe v. Wade ruling on abortion access, sparking bans and restrictions on reproductive health care and concerns over privacy of sensitive data. Natural Cycles is well-prepared to operate in a post-Roe v. Wade environment with strong privacy protections in place due to it being a regulated medical device, Scherwitzl said. With many contraceptives only available with a prescription, the free availability of Natural Cycles puts it in a unique position and is why we continue to see such a high level of growth, he said.

Samsung will borrow close to US$16 billion from its display-making subsidiary to help it sustain a blistering pace of investment. The company signed a deal with Samsung Display Co. Ltd. (Samsung Display) to borrow 20 trillion won at a 4.6% interest rate, the company said in a regulatory filing Tuesday. The loan matures August 2025 and its purpose is to secure working capital, according to the filing. Samsung owns 85% of Samsung Display. Samsung said in January that it intends to keep its capital expenditure this year in line with 2022, when it spent $39 billion on its chipmaking efforts, defying expectations that it would cut back as peers like SK Hynix Inc and Micron Technology, Inc. had done in prior weeks. But executives at Korea's biggest company said the dire market situation and weak consumer sentiment presented an opportunity to make early investments in future technology and production capacity. The company warned the smartphone market would shrink again in 2023 after a double-digit decline in 2022. As the world's most prolific maker of phones, memory and displays, all three of Samsung's core business units are heavily reliant on buoyant smartphone and server markets, but the company anticipates the long-term trend to be toward greater adoption of technology and its products.

SoftBank Group Corp. (SoftBank) - offered to buy all shares in robot maker Berkshire Grey, Inc. (Berkshire)it doesn't already own in a US$218 million deal, in a foray into logistics automation after halting almost all investment activity for months. SoftBank sent a non-binding letter of interest earlier this week, offering to buy Berkshire shares for $1.30 a piece, according to a filing to the U.S. Securities and Exchange Commission. SoftBank currently has a 28.1% stake in the Delaware-based maker of robots used to pack and ship products in e-commerce warehouses. Berkshire had a little more than 233 million common shares outstanding at the time of the filing. SoftBank seeks to acquire 100% of the outstanding capital stock of Berkshire through a share purchase, tender offer, merger or other means, the filing said. The offer is preliminary and remains subject to due diligence and approval from SoftBank's investment committee, it said. Tech firms around the world are now embracing SoftBank's early focus on artificial intelligence, chasing different ways to apply it to generate content. Alphabet Inc., Microsoft Corporation And Chinese firms from Baidu, Inc. to Alibaba Group Holding Limited Are racing to harness artificial intelligence to drive human-like responses from chatbots, while investors race to buy into the smartest AI tools to create texts and pictures. SoftBank affiliate Z Holdings Corp operates Google's Japanese search engine rival Yahoo Japan.

SoftBank, which manages the world's largest venture capital funds devoted to artificial intelligence, doesn't have an investment in ChatGPT creator OpenAI. That kind of application is not necessarily the most advanced technology of its kind, just one of a subset of mass applications, Navneet Govil, executive managing partner at SoftBank Global Advisers, said earlier this week.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]
GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]
GO TO PORTLAND GLOBAL BALANCED FUND[1]

Novartis AG (Novartis) reported fourth quarter 2022 (4Q22) Group sales 2% below consensus for both Pharma and Sandoz. In Pharma the key products were mixed with Consentyx 17% below expectations and Zolgensma 12% light. This was partially offset by continued very strong Pluvicto (prostate cancer) launch (72% cons beat) and Kesimpta (multiple sclerosis) 13% ahead of consensus. In contrast, Group Core operating profit was a 6% beat versus consensus as productivity improvements in Pharma impacted faster than expected. Sandoz Core earnings before interest and tax (EBIT) missed by 13% as additional costs for Sandoz as a standalone company impacted the profit and loss (P&L). Corporate costs in 4Q were also significantly below expectations (US$129 million (m) versus (vs) $238m forecast) presumably due to reallocation to Sandoz. 4Q22 Core earnings per share (EPS) of $1.52/share was 8% ahead of consensus. Fiscal year (FY) 22 proposed dividend of $3.20/share was in line with Credit Suisse (CS) forecasts. Sandoz spin is conformed to be on track for second half 2023 (2H23). 2023 Guidance broadly in line with consensus forecasts. Group sales: low-to-mid-single digit. Group Core EBIT: mid-single digit. The one surprise was Sandoz EBIT decline of low double digit as the division absorbs standalone costs ahead of the planned spin in 2H23.

The Board of Directors of Walmart Inc. approved an annual cash dividend for FY 2024 of US$2.28 per share, an increase of approximately 2 percent from the $2.24 per share paid for the last fiscal year. "Dividends continue to be a part of our diversified capital returns approach. We're proud to be increasing our annual dividend for the 50th consecutive year, a milestone for our company," said John David Rainey, executive vice president and chief financial officer at Walmart Inc.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]
GO TO ITM AG INVESTMENT TRUST[1]
GO TO ITM AG INVESTMENT LP[1]

Amgen Inc. (Amgen) — reported financial results for the Q422 reported fourth-quarter 2022 earnings of US$4.09 per share. Earnings declined 7% year over year due to a lower operating margin. Total revenues of $6.84 billion. Total revenues were flat year over year as higher product sales were offset by lower Other revenues. Total product revenues increased 4% from the year-ago quarter to $6.55 billion (U.S.: $4.79 billion; ex-U.S.: $1.78 billion). Higher volumes were offset by lower selling prices of several drugs and currency headwinds. Volumes rose 10% in the quarter, offset by a 3% lower net selling price. Foreign exchange movement hurt sales by 2% in the quarter. Other revenues were $287 million in the quarter, down 50% year over year due to lower revenues from its COVID-19 manufacturing collaboration with Eli Lilly and Company. The adjusted operating margin declined 1.9 percentage points to 45.9% in the quarter. Adjusted operating expenses were flat at $3.83 billion as higher selling, general and administrative expenses (SG&A) costs were offset by lower research and development (R&D) costs. SG&A spending rose 2% to $1.47 billion. R&D expenses declined 2% year over year to $1.29 billion due to higher business development activity in the year-ago quarter, partially offset by higher spending behind pipeline candidates. Full-year 2022 sales rose 1% to $26.32 billion. Sales were within the guided range of $26.0 billion to $26.3 billion. Adjusted earnings for 2022 were $17.69 per share, up 27% year over year. Amgen gave its financial guidance for 2023 that excluded any contribution from the pending acquisition of Horizon Therapeutics Public Limited Company (Horizon Therapeutics). In December, Amgen announced a definitive agreement to acquire Horizon Therapeutics for $116.5 per share in cash or $27.8 billion. The acquisition will add several first-in-class early-in-lifecycle biologic drugs like Tepezza, Krystexxa and Uplizna to Amgen's broad and diversified portfolio. The acquisition is expected to close in the first half of this year. Amgen will provide updated guidance for 2023 after the transaction closes. Revenues are expected in the range of 26.0 billion to $27.2 billion. Earnings are expected in the range of $17.40 to $18.60 per share. Amgen expects Other revenues to be between $1.2 billion to $1.5 billion. Adjusted cost of sales as a percent of product sales is expected to be 16% to 17% in 2023. Adjusted R&D costs are expected to increase 3% to 4% year over year from the 2022 level. Supervision and Administration (S&A) spending is expected to decrease slightly year over year. Total operating expenses are expected to be flat versus the 2022 level. Amgen expects the operating margin as a percentage of product sales to be roughly 50% in 2023. The adjusted tax rate is expected to be in the range of 18.0%-19.0%, while capital expenditures are expected to be approximately $925 million. The company expects to buy back shares worth not more than $500 million in 2023.

Amgen sold a US$24 billion investment-grade bond to help fund its purchase of Horizon Therapeutics. The pharmaceutical company raised notes in eight parts, said a person with knowledge of the deal. The longest portion of the bond, a 40-year note, yields two percentage points over Treasuries, said the person, who asked not to be identified as the deal is private, after initial discussions of around 2.3 percentage points. The Thousand Oaks Biopharmaceuticals, California-based company raked in $90 billion in orders for the deal before books closed, according to a person familiar. Proceeds from the deal will be used to repay the outstanding balance of a bridge loan the company used to help fund its acquisition of Horizon Therapeutics in December. Amgen originally took out a $28 billion bridge loan, which is a facility provided by banks and typically replaced with permanent financing in the bond market. The company then paid down part of the bridge loan with $4 billion worth of term loans, resulting in $24.5 billion that still needs funding.

Clarity Pharmaceuticals (Clarity) — has announced that its Phase 2 diagnostic 64Cu SARTATE trial for patients with known or suspected neuroendocrine tumours (NETs) has reached the 50 per cent recruitment milestone. The company 32 out of 63 participants have been enrolled and imaged. DISCO, which is derived from 'Diagnostic Imaging Study of 64Copper-SARTATE Using Positron emission tomography (PET) on Patients With Known or Suspected Neuroendocrine Tumours', is assessing the performance of Clarity's SARTATE imaging product as a potential new way to help diagnose and manage NETs. It is a Phase 2 study in up to 63 patients with Gastroenteropancreatic NETs (GEP-NETs) across four sites in Australia, comparing the diagnostic performance of 64Cu SARTATE at four and 20 hours post-administration to the current standard of care, 68Ga DOTATATE, at one hour. Dr. Alan Taylor, Clarity executive chairman said, "We are pleased with the progress of our SARTATE product. There is a clear unmet need in the NET indication with misdiagnosis and delay in diagnosis remaining very common.

Guardant Health , Inc. (Guardant Health) — announced the initiation of a new study to examine patient preference for Shield, Guardant Health's blood test to screen for colorectal cancer (CRC), and if having the option of a blood test improves patient adherence to screening. The study will be conducted by the Center for Asian Health Equity – University of Chicago Medicine (CAHE-UCM). In this study, Understanding Patient Preference on Colorectal Cancer Screening Options (U-Screen), led by Dr. Karen Kim, University of Chicago physician-scientist and colorectal cancer specialist, patients receiving care at Federally Qualified Health Centers (FQHC) who fail to complete guideline-recommended screening will have the option to complete their screening with a Shield blood test. Shield test performance was recently clinically validated by the ECLIPSE Study — one of the largest cancer screening studies of its kind — and achieved 83% sensitivity for the detection of CRC. Screening for colorectal cancer has been shown to improve survival rates, yet one in three adults have not completed the recommended CRC screening. Adherence to CRC screening is particularly low among minority populations: only 59% of individuals aged 50 and older who are Hispanic and 65% of individuals who are Black/African American are up to date with recommended screenings. Screening rates are even lower in FQHCs, where only 40 % of eligible patients were screened for CRC in 2020. There are significant barriers associated with established CRC screening methods — such as a colonoscopy or a stool-based test — including patient preferences, time and difficulty to complete the procedure. With a simple blood draw, the Shield test overcomes these barriers because it requires no special preparation, no sedation, no dietary changes, no extra time away from family or work, and it can be completed as part of any patient office visit. Since the launch of the Shield test, it has shown approximately 90% adherence demonstrating the value of blood-based screening in a real-world clinical setting. The study will enroll people between the ages of 45 and 75 who are at average risk of developing CRC and have failed to complete guideline-recommended screening. Up to 2,400 patients will be enrolled during the three-year study period at three FQHC, which have multiple clinics in Illinois and Indiana and provide primary care services to racial/ethnic minority and low-income populations.

Lantheus Holdings, Inc. (Lantheus) — presented piflufolastat F 18 data at the 2023 American Society of Clinical Oncology (ASCO) Genitourinary Cancers Symposium. Piflufolastat F 18 is a prostate-specific membrane antigen (PSMA)-targeted radiopharmaceutical approved in the U.S. for imaging prostate cancer patients both at the time of initial staging and at disease recurrence. In this study, researchers sought to evaluate the clinical utility of piflufolastat F 18 scanning in men with very low/low Prostate-Specific Antigen(PSA) levels (< 0.5Nanograms per millilitre (ng/mL). In patients with PSA levels below 0.5 ng/mL, changes in intended management occurred in 39.1 percent of cases. In 74.1 percent (20/27) of patients with a reported change in management, the initial intended treatment was intensified as a result of the scan images. This analysis supports the clinical utility of piflufolastat F18 PET/computerized tomography (CT) in men with low PSA levels (0.2ng/mL – 0.5 ng/mL). "PYLARIFY has the potential to contribute meaningful and actionable information that can be used to personalize treatment plans in men with low PSA levels," said Dr. Frederic Pouliot, Hospitalier Universitaire (CHU) de Québec-Université Laval.

Schrodinger Inc. (Schrodinger) — reported the receipt of a US$111.3 million cash distribution from Nimbus Therapeutics (Nimbus) in connection with Takeda Pharmaceutical Company Limited (Takeda)'s acquisition of Nimbus Lakshmi, Inc., a wholly-owned subsidiary of Nimbus, and its tyrosine kinase 2 (TYK2) inhibitor NDI-034858. NDI-034858 is being evaluated for the treatment of multiple autoimmune diseases following positive Phase 2b results in psoriasis. Schrödinger expects to report the first cash distribution as a gain on equity investments in the company's first quarter 2023 financial statements. Schrödinger expects to receive a second distribution of approximately $36.0 million, also related to Takeda's $4.0 billion upfront payment to Nimbus, in the second quarter of 2023, for a total cash distribution of approximately $147.3 million. Since Nimbus was founded, Schrödinger and Nimbus have collaborated on several programs, including the ACC inhibitor program that Gilead Sciences, Inc. acquired from Nimbus in 2016. As of December 31, 2022, Schrödinger's equity stake in Nimbus was 3.8% on a fully diluted basis.

Telix Pharmaceuticals Limited (Telix) — announces the successful completion of its joint research project conducted with Heidelberg University Hospital (UKHD) under the Research Cooperation Agreement announced in February 2021. The aim of this project was to create and validate a generator-based theranostic compound for urologic oncology targeting PSMA and utilizing the beta-emitting isotope rhenium-188 (188Re). The outcomes from the research project – which included a pre-clinical and first-in-human evaluation – have been published in the latest issue of the Journal of Nuclear Medicine. The project has resulted in new intellectual property and a translational data package that may be used to advance this compound into a Phase I clinical trial. Telix is now progressing discussions regarding the further development of the compound with the goal of spinning-out this program into an innovative new company, in partnership with leading academic researchers, to further advance the program into the clinic. The technology platform consists of a targeting agent that can be conjugated with a true-theranostic pair of radioisotopes: 99mTc (technetium-99m) for imaging and Rhenium-188 (188Re) for therapeutic use. 188Re is a highly differentiated therapeutic beta-emitting isotope that is regarded as an attractive option for radiopharmaceutical therapy applications due to its high energy output over a 16.9-hour half-life and its ability to be reliably produced at the point of care via a generator. Radiopharmaceuticals based on more common therapeutic radioisotopes (on market or in development) such as lutetium-177 (177Lu) and actinium-225 (225Ac), are typically centrally manufactured in facilities that require significant investment and infrastructure to operate, such as reactors or cyclotrons. The 188Re-based approach decentralizes drug manufacturing and may be suitable for a wide variety of markets and clinical applications where radiopharmaceutical manufacturing infrastructure or supply chain is limited.

Telix announced additional positive results from its completed pivotal Phase III ZIRCON study of TLX250-CDx in clear cell renal cell carcinoma (ccRCC). The study delivered highly consistent results across three readers of an average 86% sensitivity and 87% specificity, exceeding the pre-determined threshold required to demonstrate the ability of TLX250-CDx to reliably detect the clear cell phenotype and provide an accurate and non-invasive method for identifying the presence and spread of ccRCC. The study also met the key secondary endpoint, achieving 85% sensitivity and 89% specificity in detecting ccRCC in tumours ≤4 centimeters (cm) ("T1a" classification), currently a significant clinical challenge in the diagnosis of ccRCC. The favourable safety and tolerability profile of TLX250-CDx was also confirmed, with the majority of adverse events (AEs) being post-surgical complications and not study treatment related. No unexpected safety signals were observed and tolerability profile was consistent with experience of girentuximab in previous therapeutic and imaging studies. Associate Professor Brian Shuch, MD, Director, Kidney Cancer Program, UCLA Institute of Urologic Oncology (Los Angeles, California) said, "On behalf of Telix and all of the investigators and clinical sites that contributed towards the successful ZIRCON study, it is a privilege to present at ASCO GU (genitourinary). Since the news of positive top line data in November there has been tremendous interest from peers in the medical community and it's great to be able to dig a little deeper into the clinical impact of these excellent results, including in particular patient sub-sets. The high sensitivity and specificity will allow us to change patient management accurately identifying which patients do or don't have ccRCC."

ECONOMIC CONDITIONS

U.S. existing home sales unexpectedly fell in January, extending the losing streak to twelve months running, the longest since the data began decades ago. At least the -0.7% data point is the smallest monthly decline over the past year. The monthly drop was in the Northeast and the Midwest, while the all-important South picked up for the first time since the start of the year. In any event, the resulting 4.00 million units annualized is the lowest since October 2010. There were revisions going back three years; but they were nudged upward in the prior three months. Singles took the hit (-0.8%) while condos kept it together and stayed flat in January. The months' supply of homes available to be bought were little changed at 2.9 million still far from normal levels of about 6.5 million, and thus, keeping prices above year-ago levels (+1.3% year over year (y/y)) but the pace has clearly slowed dramatically.

Canadian inflation fell under 6% for the first time since February 2022. Consumer price growth slowed 0.4 ppts to 5.9% y/y in January amid easing prices for new cars, while costs for clothing and cell phone services fell. Meantime, the three-month annualized trend on Consumer price index (CPI) ex. food & energy slowed to 3.1%. While the short-term inflation metrics are trending in the right direction, providing the Bank of Canada with some relief, households continue to feel the pinch with two important components still heating up. Food prices rose 10.4% y/y and mortgage interest costs jumped 21.2%, both four-decade highs.

U.S. consumer prices jumped 0.5% month over month (m/m), led by energy (+2.0%) and food (+0.5%). Compared to a year-ago, growth slowed by just a tenth to 6.4%. Underlying inflation remains stubborn, with the Fed's super core proxy climbing 6.2% y/y for the third straight month, suggesting there's still a long way ahead before inflation nears the 2% target.

U.S. producer price growth slowed to 6.0% y/y, where it jumped 0.7% m/m in January, which was a seven-month high.

U.S. import prices climbed just 0.8% y/y in January, which is well below March's high of 13%. The drop in imported energy and other commodity prices is helping the inflation picture amid a strong U.S. dollar.

The U.K.'s January consumer price growth slowed again but remained in the double digits at 10.1% y/y. Meantime average earnings excluding bonuses were up 6.7% y/y in the three months through December. Still-high inflation and strong wage growth will keep the Bank of England on track to deliver another rate hike in March.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.77% and the U.K.'s 2 year/10 year treasury spread is -0.30%. 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 6.34%. 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 volatility index (VIX) is 22.87 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 could be encouraging for quality equities.

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Glossary of Terms: 'CET' core equity tier, 'EBITDA' earnings before interest, taxes, depreciation and amortization, 'EPS' earnings per share, 'FCF' free cash flow, 'GDP' gross domestic product, 'ROE' return on equity, 'ROTE' return on common equity, 'ROTCE' return on tangible common equity, 'conjugate" a substance formed by the reversible combination of two or more others.

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

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