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NEWS HIGHLIGHTS

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

APRIL 3, 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) – having just recently agreed to a merger for its inaugural vehicle, Ares filed for a new US$400 million special purpose acquisition company (SPAC) initial public offering (IPO), proving at least one sponsor still views the blank check product as a viable funding tool. Ares Acquisition II, the new SPAC, features an overfunded trust, like all initial public offerings (IPOs) in the current vintage, allowing it to take advantage of the past year's surge in interest rates. Ares plans to lend the SPAC $4 million to secure $404 million of funding in the trust, or $10.10 per $10.00 unit being sold to investors. Ares II is structured with one-half warrant gearing. Combined with a relatively long investment horizon, this is a more aggressive structure than other recent SPAC IPOs. Ares II is co-headed by David Kaplan and Michael Arougheti, Ares co-founders, the company's chief executive officer (CEO). In December, Ares Acquisition I agreed to merge with small modular nuclear reactor maker X-energy in a transaction valued at $2 billion. Redemptions left it carrying $443 million of cash into the merger, well shy of the US$1 billion raised from its IPO. Existing X-energy shareholders rolled in their equity for a 75% stake. Ares I shares are trading today at $10.33.

Berkshire Hathaway Inc. (Berkshire) – boosted its ownership stake in Occidental Petroleum Corporation (Occidental) to about 23.6% after buying nearly 3.7 million additional shares. Berkshire disclosed the purchases, which cost about US$216 million and occurred on March 23 and 27, in a U.S. Securities and Exchange Commission filing. Berkshire began buying large quantities of Occidental stock just over one year ago, around when Russia invaded Ukraine, and has spent more than $1 billion on the stock this month. It now owns about 211.7 million Occidental shares worth about $12.6 billion. In August, Berkshire won U.S. Federal Energy Regulatory Commission permission to buy up to 50% of Occidental's common stock. It also owns $10 billion of Occidental preferred stock with an 8% dividend, plus warrants to buy another $5 billion of common shares at $59.62 each. Berkshire is Occidental's largest shareholder, and some analysts and investors have speculated that it might eventually buy the Houston-based company. Buffett, 92, has longed to make another large acquisition for his Omaha, Nebraska-based conglomerate, whose dozens of businesses include GEICO car insurance and the BNSF Railway (BNSF). Berkshire built a 22.6% stake in BNSF before paying $26.5 billion for the remainder in 2010.

Amazon.com, Inc. (Amazon) – has officially opened the Sidewalk network (Sidewalk), its low-power, low-bandwidth, long-range IoT network, to developers. Sidewalk is a low-power wide-area network that was first announced in 2019 and Amazon believes it will enable the next wave of connected devices. The network is ideal for gadgets that do not require much data but are very cheap to implement. The company's first Sidewalk coverage map reveals that over 90% of the U.S. population can access the newly public network that for now is just limited to the U.S. At the moment, Sidewalk's main purpose to help Ring cameras send motion notifications when they are offline and to allow Level smart locks to connect to the internet. Several companies have been working with Amazon on developing Sidewalk-enabled products, including New Cosmos Primarx, and Netvox for use cases spanning battery-powered natural gas alarms to air conditioning monitoring.

Alphabet Inc. (Alphabet) – announced that it is introducing new ways for users to verify information on Search, including new features called "Perspectives" and "About this author." "Perspectives" is a carousel that will appear below top stories and display a range of insights from journalists, experts, and other relevant voices on the topic that is searched. The company hopes this feature will help broaden a user's understanding of a subject, and it will launch soon in English in the U.S. for desktop and mobile. The second new feature "About this author" allows users to easily learn more about the authors behind the content they are reading. This feature will share more information about the background of the authors that Alphabet surfaces on Search. Finally, the company will also expand its existing "About this result" feature globally and in all languages where Search is available. "About this result" provides users with more details about where information is coming from and how Alphabet's systems determined its usefulness.

Brookfield Asset Management Ltd. (Brookfield) – and its partner EIG Consortium (EIG) decided to go ahead with a US$10.2 billion plan to buy Australia's Origin Energy Limited (Origin) despite escalating regulatory and government policy headwinds. Origin, Australia's top energy retailer, agreed to the long-running takeover offer from the consortium, nearing the conclusion of one of the country's biggest private equity-backed buyouts. Once the deal is completed, EIG's MidOcean Energy will take control of Origin's integrated gas business. With a 25% stake in Australia Pacific LNG (APLNG) and the Australian liquified natural gas (LNG) stakes that MidOcean acquired last year from Tokyo Gas, the company will have around 3.25 million tonnes of LNG. The deal will need to be approved by Origin's shareholders as well as Australia's Foreign Investment Review Board and the Australian Competition and Consumer Commission. Origin, Australia's No. 2 power producer, has been looking to speed up its transition to cleaner energy, accelerating the planned shutdown of the country's biggest coal-fired power plant and selling its gas exploration assets. Brookfield said it plans to invest a further AU$20 billion (US$13.4 billion) of capital to fully replace Origin's power generation and its power purchases with green power over a decade. It plans to build up to 14 gigawatts of new renewable generation and energy storage facilities in Australia. "The broader policy of net zero by 2050 really has bipartisan support in Australia now and that is the basis on which we are making this investment," Stewart Upson, Brookfield Asia Pacific CEO said in an interview, referring to a target for net-zero direct and indirect emissions by 2050.

SoftBank Group Corp. (SoftBank) – OYO Rooms (OYO) has filed its IPO prospectus with Indian authorities, it said in an announcement in the Financial Express newspaper Saturday, without disclosing the amount it seeks, other financial details or advisers. In its original effort to go public in 2021, OYO had filed to raise 84.3 billion rupees (US$1 billion). Ritesh Agarwal, Founder, 29, has been working to put the hotels and lodging operation back on steady footing after the Covid-19 pandemic eliminated global travel and led to yawning losses. India's answer to Airbnb, Inc. had been valued at $10 billion in 2019, but SoftBank , the company's largest backer, marked down that figure to $2.7 billion last year. The IPO filing is OYO's second attempt to go public, after India's stock market regulator raised multiple red flags on its earlier try in late 2021. Since then, valuations of technology companies have declined after accelerating inflation and rising interest rates left customers with less to spend and raised concerns of a potential recession. The company had targeted a valuation of about $9 billion last year and updated its IPO documents in early 2022, but the goal now could be roughly one third the earlier target according to Bloomberg. OYO's IPO valuation is expected to be finalized through a book-building process nearer to the listing.

China's e-commerce leader, Alibaba Group Holding Limited (Alibaba) announced last week it would split its $250 billion empire into six separate companies. The historic restructuring would allow the divisions to operate more independently and opens the door for future initial public offerings, a potential boon for Hong Kong's stock market. The overhaul could serve as a template for shaking up China's broader tech sector, which Beijing has scrutinized for years. It would achieve the government's aim of curtailing increasingly powerful private firms while unlocking shareholder value. Alibaba has gained more than $30 billion of market value since Tuesday's announcement, which also fired up a rally in fellow Chinese technology shares. With all the attention on the restructuring, the face of China's big tech industry, Alibaba's founder Jack Ma, made his first public appearance in years. Softbank remains the largest shareholder of Alibaba.

Reliance Industries Limited (Reliance) – JioCinema, the streaming service owned by Mukesh Ambani's conglomerate, drew more than 1.47 billion video views during the opening weekend of the Indian Premier League (IPL), the wildly popular cricket tournament whose digital rights were secured by Asia's richest man for US$2.7 billion last year. This was the highest-ever opening weekend for the annual cricket event, JioCinema said in a statement on Monday, adding that the number of video viewers exceeded last year's IPL, as well as the International Cricket Council T20 World Cup in 2022. The JioCinema app, which is streaming this year's matches for free, recorded more than 50 million new downloads. Described as the Super Bowl of cricket, IPL is one of the world's fastest-growing sporting events, drawing in festival-like crowds and fevered fandom in cricket-crazy India. Ambani's Reliance hopes the draw of the tournament will help vault it into the club of global media and online streaming leaders. By making the matches free to watch, JioCinema, owned by a joint venture between Paramount Global and Reliance, is deploying a familiar price tactic that Ambani has used to become a dominant player in India's telecom and retail sectors.

Samsung Electronics Co., Ltd. ("Samsung") – South Korea's parliament easily approved a bill Thursday to boost the country's powerhouse semiconductor industry by giving firms tax breaks to spur investments. The legislation known as the "K-Chips Act" would increase the tax credit to 15% from the current 8% for major companies investing in manufacturing facilities, while smaller and medium size firms would see the tax break go to 25%, up from the 16% now. The measure is expected to boost domestic investment for South Korean tech companies such as Samsung and SK Hynix Inc. The act had backing from lawmakers in the conservative and progressive camps, with 179 members voting in favor and 13 opposed. Nearly 40 lawmakers at parliament chose to forfeit their vote, while nearly 70 did not take part in the ballot. The president has indicated he will approve the bill. To prop up the economy and stand out in the global race for tech supremacy, President Yoon Suk Yeol in mid-March announced a US$422 billion investment into key areas such as chips and electric vehicles, including plans for hubs housing chipmaking plants. With the new parliament bill and government incentives, South Korea is hoping to maintain its global semiconductor technology leadership or even overtake Taiwan when it comes to the business of making logic chips for others. The tech sector is a major driver of South Korea's trade-reliant economy, accounting for about 12% of total exports last month.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL ARISTOCRATS PLUS FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

McCormick & Company, Incorporated (McCormick) – just reported the first quarter of fiscal 2023 adjusted earnings per share (EPS) of US$0.59, +$0.09 above Consensus ($0.50). Relative to expectations, organic sales were better while gross margin compression was far less severe, leading to an earnings before interest and taxes (EBIT) and EPS beat. At the corporate level, year over year sales rose +3% year over year, while organic sales increased +6% year over year. In the Consumer segment, organic sales rose +2% year over year while EBIT grew +4% year over year. In the Flavor Solutions segment, organic sales rose +12% year over year, while EBIT declined -11% year over year (versus estimates as bad as -33.0% year over year forecast). Gross margin contracted a much less severe than forecast -80 basis points year over year, while relative selling, general administrative expenses (SG&A) decreased -42 basis points year over year. All-in, EBIT was flattish year over year (vs. estimates of about -16% year over year). McCormick reaffirmed its fiscal year 2023 EPS guidance in a $2.56-$2.61 range, or a +1-3% year over year increase versus fiscal year 2022 (versus current Consensus of $2.56). This is predicated on +5-7% year over year organic sales growth (Consensus at +5.7% year over year) and operating income growth of +9-11% year over year (Consensus at +10.0% year over year). Additionally, for fiscal year 2023, McCormick continues to expect gross margin expansion of +25-75 basis points year over year (Consensus +55 basis points year over year) even in the face of +low to mid-teens year over year inflation. Importantly, McCormick still aims to achieve +$125 million of one-time cost saves from its Global Operating Effectiveness Program on top of its typical annual Commodity Channel Index cost savings program of $85 million and anticipates it will realize about +$75 million of these in fiscal year 2023. This is anticipated to be a +8 points year over year tailwind to operating income growth, offset by an expected -8pt year over year headwind related to the recovery of incentive comp. Below the line, McCormick still looks for $200-$210mm in interest (an -8% year over year headwind to EPS) and a tax rate of 22%.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

GO TO ITM AG INVESTMENT TRUST[1]

GO TO ITM AG INVESTMENT LP[1]

IGM Biosciences, Inc. (IGM) – announced its financial results for the fourth quarter and full year ended December 31, 2022. Cash and investments as of December 31, 2022 were US$427.2 million, compared to $229.5 million as of December 31, 2021. For the fourth quarter and year ended 2022, collaboration revenues were $0.4 million and $1.1 million, respectively, compared to no revenue for the same period in 2021. For the fourth quarter and year ended 2022, research and development expenses were $45.0 million and $179.3 million, respectively, compared to $39.2 million and $127.0 million for the fourth quarter and year ended 2021, respectively. For the fourth quarter and year ended 2022, general and administrative expenses were $11.6 million and $49.7 million, respectively, compared to $11.5 million and $38.3 million for the fourth quarter and year ended 2021, respectively. For the fourth quarter of 2022, net loss was $52.6 million, or a loss of $1.19 per share, compared to a net loss of $50.6 million, or a loss of $1.50 per share, for the fourth quarter of 2021. For the year ended 2022, net loss was $221.1 million, or a loss of $5.32 per share, compared to a net loss of $165.2 million, or a loss of $4.93 per share, for the year ended 2021. The company expects full year 2023 Generally Accepted Accounting Principles operating expenses of $290 million to $300 million, including estimated non-cash stock-based compensation expense of approximately $50 million, and full year collaboration revenue of approximately $3 million related to the Sanofi agreement. The company expects to end 2023 with a balance of approximately $200 million in cash and investments, and for the balance to enable it to fund its operating expenses and capital expenditure requirements into the second half of 2024.

Lantheus Holdings, Inc. (Lantheus) – announced it has acquired Cerveau Technologies (Cerveau). Cerveau's flagship product is the MK-6240 positron emission tomography imaging agent, which is used to pinpoint accumulating neurofibrillary tangles of tau, a protein found in brain cells that has been linked to Alzheimer's disease. The exact financial terms of the acquisition were not disclosed. However, Lantheus said that the stock-based deal would comprise not just an upfront payment, but also additional payouts as Cerveau's business hits certain development and commercial milestones, as well as "double-digit royalty payments" based on earnings from Cerveau's research and commercial work. Cerveau's MK-6240 tracer—which was exclusively licensed from Merck &Co., Inc. in early 2017—is used in positron emission tomography (PET) scans to highlight areas of the brain that appear to have build-ups of tau, potentially indicating the onset of Alzheimer's. Because tau tangles begin to accumulate before the commonly recognized outward symptoms of Alzheimer's begin to appear, using Cerveau's tracer could help diagnose the disease well ahead of the typical timeline. The PET tracer can also be used to track the progression of the disease in patients who have already been diagnosed.

Cerveau has tied up partnerships with many pharma and biotech companies and academic institutions, with an aim of applying MK-6240 to ongoing clinical trials of new treatments for Alzheimer's and other neurodegenerative conditions. In September it agreed to a deal with Alnylam Pharmaceuticals to help evaluate the latter's novel therapeutics for mild cognitive impairment and pre-symptomatic Alzheimer's disease.

Telix Pharmaceuticals Limited (Telix) – announced the filing of a Marketing Authorization Application (MAA) with the United Kingdom (UK) Medicines and Healthcare products Regulatory Agency for its finished product Illuccix 25 micrograms kit for radiopharmaceutical preparation for PET imaging of prostate cancer. The review period for the UK MAA follows a 150-day national application procedure. The company is also in the process of filing a separate decentralized MAA application for the European Union (EU) and will advise on the review timetable upon final acceptance of the dossier by the reference Competent Authority. Raphaël Ortiz, of Telix Europe, the Middle East and Africa CEO said, "Telix is committed to ensuring widespread access to commercially available gallium-based prostate-specific membrane antigen -PET imaging across the EU and UK. We are therefore pleased to report that the revised MAAs for the region are progressing satisfactorily, in line with the Company's commitment to serving patients globally."

ECONOMIC CONDITIONS

Canada's 2023 Federal Budget revealed a CA$40.1 billion deficit for 2023-24 and another $68.9 billion in cumulative deficits through 2028 above the estimates from the Fall Economic Statement as new spending and a softer growth outlook weighed on the fiscal outlook. The government no longer projects a return to balance, but debt/ gross domestic product (GDP) continues to edge lower starting in 2024-25. The more consequential developments were in the 2023 Debt Management Strategy (DMS), which revealed a sharp pivot towards shorter-term issuance. 2 year bonds are projected to make up 44% of Government of Canada issuance in 2023-24 with just 29% in 10 year and 30 year bonds. The DMS contained the announcement the Government will begin consultations on folding Canada Mortgage Bonds into the regular borrowing program. The 3-year bond will also be discontinued effective July 1, 2023.

The Organization of the Petroleum Exporting Countries members announced a surprise oil output cut of 1.16 million between May and December in an effort to buoy prices. Of this Saudi Arabia is 500 thousand barrels per day (bpd). This led to an 8% gap higher for West Texas Intermediate at Asia open testing US$80, and the inflationary consequences of the move are weighing on Treasuries, lifting the 10-year yield above 3.5% following last week's 10 basis points climb. While previously announced Russian cuts have not yet filtered through to physical markets, the announced extension of their current agreement to cut 500 thousand bpd could see total supply reduced by as much as 1.66 million bpd.

U.S. Personal spending rose 0.2%, following the prior month's upwardly revised 2.0% increase (1.8% previously). Real spending did fall slightly, as expected, but again that hardly put a dent in January's upwardly adjusted 1.5% spike (1.1% previously). This flags a higher consumer spending growth in the first quarter, versus the pedestrian 1.0% advance in the fourth quarter. Both goods and services volumes slipped 0.1% in February, led by declines in autos and food services, respectively.

U.S. Inflation printed below expectations, possibly due to the slowing in spending and greater pushback against price hikes. Personal Consumption Expenditures prices rose 0.3%, half the prior month's rate, allowing the yearly rate to ease to 5.0% from 5.3%. Core prices also climbed 0.3% after a downwardly revised 0.5% jump in January, trimming the yearly core rate to 4.6%. The three-month and six-month annualized rates bracket the 12-month rate, clocking in at 4.9% and 4.5%, respectively. Chair Powell's 'supercore' price metric (services ex energy and housing) rose half as much as the prior month, just 0.24%, the least in seven months. This held the yearly rate steady at 4.6%, basically locked into the range of the past year. The 3-month annualized rate for supercore eased a bit to 4.8%, but that's unlikely in our view to dissuade the Federal Reserve of another quarter-point rate rise in May, assuming the banking stress continues to ebb.

Eurozone inflation surprised to the downside in March, falling 1.6 percentage points to 6.9% year over year, while core rose 0.1 percentage points to a new series high of 5.7% year over year as expected. The largest driver of the significant decline in the headline rate was, unsurprisingly, base effects from the energy component, as the surge in energy prices last March on the back of Russia's invasion of Ukraine dropped out of the year-on-year rate. Moreover, food prices continued to add upside pressure on headline inflation, most likely due to further increases due to the vegetable shortages that began in February. While core inflation came in as expected, the details showed a large divergence between the core goods and services components. Core goods inflation came in somewhat soft, while, and more troubling in our view, services prices rose by 0.6% month over month —the joint largest March increase on record.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.57% and the UK's 2 year/10 year treasury spread is 0.04%. 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 6.24%. 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 19.18 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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