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NEWS HIGHLIGHTS

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

JULY 4, 2023

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OWNER OPERATED COMPANIES



GO TO
PORTLAND 15 OF 15
ALTERNATIVE FUND



PORTLAND 15 OF 15
ALTERNATIVE FUND
COMPANY NEWS

Ares Management Corporation (Ares) – a leading global alternative investment manager, announced that certain funds managed by its Alternative Credit strategy have completed the acquisition of a US \$3.5 billion specialty finance loan portfolio from PacWest Bancorp (PacWest’s). The portfolio consists of high quality, senior secured, asset-backed loans with commitments of approximately \$3.5 billion. The portfolio, which was originated by PacWest’s Lender Finance unit, is backed by assets across a variety of industries and asset classes including consumer loans, small business loans, timeshare receivables, auto loans, asset manager and fund finance loans, residential real estate loans, and commercial real estate loans. “We are excited to broaden and enhance our existing Alternative Credit portfolio through this strategic acquisition of a high-quality portfolio of asset-backed loans,” said Jeffrey Kramer, Partner and Portfolio Manager in Alternative Credit. “Our longstanding relationship with PacWest and our team’s ability to underwrite across numerous asset classes and efficiently complete the transaction positioned Ares to be the partner of choice.” “Our team is an established leader in providing creative and flexible solutions to asset-focused investment opportunities,” said Joel Holsinger, Partner and Co-Head of Alternative Credit. “Our scale, coupled with one of the more flexible mandates in the private credit market today, makes Ares Alternative Credit an ideal partner to the banking community as they optimize their balance sheets and strengthen their financial position.” “We are pleased to have worked together with Ares to complete this strategic transaction,” said Paul Taylor, President and chief executive officer (CEO) of PacWest Bancorp. “This transaction will improve our

liquidity and capital as we continue to implement our announced strategy to return our focus to relationship-based community banking.”

Berkshire Hathaway Inc. (Berkshire) – said it has acquired more shares of Occidental Petroleum Corporation (Occidental), boosting its stake in the oil company to above 25%. The conglomerate said in a regulatory filing that it paid about US\$122.1 million for 2.14 million Occidental shares between June 26 and June 28. Berkshire had also purchased about 4.66 million Occidental shares on May 30. Buffett’s company began buying shares of Houston-based Occidental early last year, around when Russia invaded Ukraine and as oil prices were rising. It also recently owned about \$9.5 billion of Occidental preferred stock carrying an 8% dividend, plus warrants to buy another \$5 billion of Occidental shares at \$59.62 each. Berkshire bought the preferred stock and obtained the warrants in 2019 when it helped finance Occidental’s purchase of Anadarko Petroleum Corporation. At the annual shareholder meeting on May 6 in Omaha, Nebraska, Buffett praised Occidental’s management and business, but said Berkshire was not planning to acquire the company. “We’re not going to buy control,” Buffett said. “We’ve got the right management running it.”

Brookfield Corporation (Brookfield) – announced that following close of markets on June 26, 2023, Brookfield Reinsurance delivered a letter to the board of directors of American Equity Investment Life Holding Company (AEL) setting forth a proposal to acquire all of the outstanding shares of common stock of AEL not already owned by Brookfield Reinsurance for aggregate consideration of US\$55.00 per AEL share. Brookfield Reinsurance intends to acquire from Brookfield Corporation shares of Brookfield Asset Management Ltd. (BAM) required to satisfy the non-cash consideration offered to AEL shareholders. Subject to this occurring, BAM’s public float will increase by approximately 10%, which is strategically important as BAM continues to broaden its shareholder base. Brookfield interest in BAM will decrease from 75% to approximately 73%. Accordingly, there will be no net new issuance of shares of BAM, Brookfield or Brookfield Reinsurance (BNRE) and no dilution to BAM, Brookfield or BNRE shareholders as a result of this

transaction. Consistent with the AEL 2.0 strategy, BNRE will continue to focus on meeting the needs of AEL policyholders and clients while delivering high quality customer service. BNRE intends to continue AEL's focus on alternative asset strategies and expects BAM will manage a significant portion of AEL's assets. As a result, AEL will gain access to BAM's leading direct origination platforms and asset management capabilities while maintaining its current high-quality bias and investment grade focus. Brookfield Reinsurance will increase its assets under management (AUM) to approximately \$100 billion upon closing of the transaction, and BAM will increase its overall AUM to approximately \$900 billion through its asset management, wealth and insurance subsidiaries. The proposal set forth in the letter is a non-binding expression of interest only. There is no guarantee that an agreement will be reached among the parties or on what terms.

Robert O'Leary and Armen Panossian will be promoted to Oaktree Capital Management's (Oaktree) co-CEOs in the first quarter of 2024. O'Leary is a portfolio manager for Oaktree's global opportunities strategy, while Panossian is a managing director and Oaktree's head of performing credit. The two will replace Jay Wintrob, CEO, who will step down from his role in the first quarter of 2024. O'Leary and Panossian will oversee the organization and performance of Oaktree's investment teams and will continue to lead their current areas. As part of the transition, Todd Molz will be named chief operating officer after serving as general counsel and chief administrative officer. O'Leary, Panossian, and Molz will join co-chairmen Howard Marks and Bruce Karsh and vice chairman John Frank on Oaktree's executive committee.

Reliance Industries Limited (Reliance) - and BP p.l.c. (BP) today confirmed the commencement of production from the MJ field, following testing and commissioning activities. The MJ field represents the last of three major new deepwater developments the Reliance - BP consortium have brought into production off the east coast of India. The start of gas & condensate production from the MJ field follows the start-up of the R-Cluster field in December 2020 and Satellite Cluster in April 2021. All three developments utilise the existing hub infrastructure for the block. Together, the three fields are expected to produce around 30 million standard cubic metres of gas a day (1 billion cubic feet a day) when MJ field reaches peak production. This is expected to account for around one third of India's current domestic gas production and meet approximately 15% of India's demand.

On July 3, Reliance Jio announced the launch of Jio Bharat platform to enable existing 250 million feature phone users with internet enabled phones. Jio Bharat is being launched with the objective of empowering every Indian with the power of digital services, especially those who cannot afford a smartphone. This will truly mark the beginning of Digital Freedom for the 250 million feature phone users in India and will bridge the digital divide. High quality and affordable data will be within the reach of the common users. The phone will provide features and digital capabilities that allow different segments of society to achieve more by doing more. Jio Bharat platform leverages device and network capabilities to deliver internet-enabled services on entry-level phones. Besides Reliance Retail, other phone brands will adopt the 'Jio Bharat platform' to build Jio Bharat phones. Beta trial for first 1 million Jio Bharat phones begins on July 7, 2023 - To ensure scalability of platform and processes for upgrading millions of feature phone users. At only ₹ 999, the lowest entry price for an internet-enabled phone, 30% cheaper monthly plan and 7 times more data compared to feature phone offerings of other operators, ₹ 123 per month for unlimited voice calls and 14 gigabyte (GB) data, compared to other operator's ₹

179 plan for voice calls and 2GB data India still has 250 million mobile subscribers trapped in the 2G era with feature phones. These feature phones do not provide access to internet, especially at a time when access to technology is a necessity which also uplifts one's livelihood and economic well-being.

Samsung Electronics Co., Ltd.'s (Samsung) - chip foundry business is adding production capacity and more advanced manufacturing techniques, aiming to make gains on market leader Taiwan Semiconductor Manufacturing Company Limited (TSMC). Samsung said it will introduce so-called 2-nanometer production for mobile phone parts by 2025 and expand applications. Samsung will also significantly increase output in Pyeongtaek, South Korea, and Taylor, Texas, to shore up the foundry division, which makes chips for customers on a contract basis, the company said at a presentation Tuesday in San Jose, California. The world's largest memory maker is looking to catch up with TSMC while also fending off a nascent challenge from Intel Corporation, which is pushing into the foundry market. While the chip industry in general is suffering from sluggish demand for mobile and personal computer parts, the artificial intelligence boom has spurred interest in advanced processors. Samsung shared details of its 2 nanometer(nm) process technology, which would improve performance by 12% and power efficiency by 25% compared to its most advanced offering today, which is at 3nm. Like other chipmakers, Samsung is looking to geographically diversify its manufacturing footprint, which is heavily concentrated in East Asia. The company, which has operated a facility in Austin for about 20 years, expects to complete the new Taylor plant this year, targeting to kick off operation in the second half of 2024. The expansion of production lines at Pyeongtaek along with the Taylor fab will boost Samsung's capacity sevenfold by 2027 compared to 2021, the company said. In addition to current chip manufacturing sites, Samsung will expand into a new Yongin production base.

LIFE SCIENCES



Clarity Pharmaceuticals (Clarity) – announced the establishment of a Center of Excellence at the Idaho Accelerator Center (IAC), a research facility operated by Idaho State University (ISU), for Targeted Copper Theranostics (TCTs). The IAC is a unique research facility operated by ISU located in southeast Idaho, U.S. It is the result of the Nuclear Science Application Project, providing opportunities for scientists and engineers from the University, the private sector and the national laboratories to utilise specialised nuclear facilities. Clarity is establishing the Center of Excellence at the IAC to advance research and development of TCTs close to a source of copper-67 (Cu-67 or 67Cu) production. This investment will enable Clarity to efficiently execute several strategically important projects, support commercial readiness of products currently in clinical development and enable the expansion of TCTs as a platform uniquely positioned to take the radiopharmaceutical sector into large global markets. The IAC was established in 1994 as an Idaho State University-based research facility that provides opportunities for scientists and engineers from the University, the private sector and the national laboratories to investigate nuclear physics applications in

materials science, biology, homeland and national security. Research scientists conduct active research in isotope development, imaging and computed tomography, photon activation analysis, beam physics, and basic nuclear measurements and applications. As part of Idaho State University, a Carnegie-classified doctoral research institution, the IAC supports the university's designation as Idaho's leader for healthcare training, including pharmacists through the L.S. Skaggs College of Pharmacy.

Clarity announced it would be commencing a pivotal Phase III trial of its 64Cu SAR-bisPSMA (prostate-specific membrane antigen) diagnostic in prostate cancer (PC) following a successful end of phase meeting with the U.S. Food and Drug Administration (FDA). The trial will be named CLARIFY (Positron Emission Tomography using 64Cu SAR-bisPSMA in participants with high-risk PC prior to radical prostatectomy: A prospective, single-arm, multi-centre, blinded-review, Phase III diagnostic performance study) and is expected to begin patient recruitment in late 2023. The FDA is supportive of a prospective, non-randomised, single-arm, open-label, multi-center, Phase III diagnostic clinical trial of 64Cu SAR-bisPSMA positron emission tomography (PET) in 383 participants with untreated, histopathology-confirmed PC, with high-risk features, who are proceeding to radical prostatectomy with pelvic lymph node dissection. As a pivotal trial, the final study results are intended to provide sufficient evidence to support an application to the FDA for approval of 64Cu SAR-bisPSMA as a new diagnostic imaging agent in PC. The aim of the Phase III trial is to assess the diagnostic performance of 64Cu SAR-bisPSMA PET to detect PC within the pelvic lymph nodes. Evaluation will be across 2 imaging timepoints, Day 1 (day of administration) and Day 2 (approximately 24 hours post administration).

RadNet, Inc. (RadNet) – has joined for-profit hospital giant HCA Healthcare, Inc. (HCA) in a consortium of companies hoping to address woefully inadequate cancer screening rates. HCA stakeholders recently launched the Florida Lung Health Coalition, with just 3% of eligible residents currently receiving lifesaving low-dose CT scans (LDCT). Those involved include Johnson & Johnson and the Sunshine State's largest hospital system, HCA Florida; largest robotic surgical equipment manufacturer, Intuitive; and its largest foundation committed to this cause, GO2 for Lung Cancer. Those involved estimate that there are 1 million eligible lung cancer screening candidates in Florida, which also is home to the most retirees in America. Its 3% uptake of LDCT is half of the U.S. average of 6%, and the coalition hopes to increase this number to 30% by 2030. Members also held a "launch symposium" on June 10 with a keynote speech from Catharine Young, PhD, assistant director of engagement for the White House's Cancer Moonshot initiative.

Telix Pharmaceuticals Limited (Telix) – announced further details of the positive results from its completed pivotal Phase III ZIRCON study of TLX250-CDx (89Zr-DFO-girentuximab) in clear cell renal cell carcinoma (ccRCC). New data demonstrates the ability of TLX250-CDx to detect extrarenal lesions, supporting potential clinical utility in the metastatic or recurrent setting, and for staging and informing treatment decisions. TLX250-CDx PET/CT detected more lesions in liver and bone than diagnostic CT imaging alone. This reinforces the performance of this investigational diagnostic imaging agent across all analyses, with previously presented data showing an excellent overall sensitivity and specificity of 86% and 87%, respectively, together with high intra-reader agreement.



ECONOMIC CONDITIONS

Canada's Port of Vancouver faces cargo bottleneck during strike by waterfront workers across British Columbia as imported seafood has yet to be unloaded and potash exports are stuck onshore, adding to the growing bottlenecks at terminals and warehouses.

China's Commerce Ministry is reported to be considering banning the export of some crucial rare earths starting in August. The minerals are key for chips, phones and electron vehicles we presume as a rebuff to the Western world.

German trade data for May disappointed with exports falling by +0.1% month over month versus expectations of a +0.4% gain. Previous month was revised lower as well to +1.0% from the prior +1.2% read. Despite some volatility, the overall trend in exports has been declining and highlights that trade is not a growth driver but rather a drag instead.



FINANCIAL CONDITIONS

Reserve Bank of Australia (RBA) kept its benchmark Cash Rate at 4.1% but delivered a hawkish hold. Governor Lowe said, "Some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable timeframe, but that will depend upon how the economy and inflation evolves. The decision to hold interest rates steady this month provides the Board with more time to assess the state of the economy and the economic outlook associated risks". This off-and-on pattern that the RBA started is being copied by other central bankers (such as the Bank of Canada and the Federal Open Markets Committee), given the uncertainty and the diverging inflation trends (goods versus services).

The U.S. 2 year/10-year treasury spread is now -1.08% and the UK's 2 year/10 year treasury spread is -0.90%. 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 could be an early warning of an economic slowdown.

The U.S. 30-year mortgage market rate has increased to 6.70%. 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 13.70 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *Happy 4th of July for our American friends!*

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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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RISK TOLERANCE

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Portland Investment Counsel Inc., 1375 Kerns Road, Suite 100, Burlington, Ontario L7P 4V7 Tel.: 1-888-710-4242 • www.portlandic.com • info@portlandic.com

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