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NEWS HIGHLIGHTS

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

JULY 31, 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

Reliance Industries Limited (Reliance)– On Thursday, Reliance announced entering into an agreement to invest alongside Brookfield Infrastructure Corporation (Brookfield) and Digital Realty Trust, Inc. (Digital Realty) in their Indian special purpose vehicles (SPVs) set up for developing data centers in India. Reliance will hold 33.33% stake in each of the Indian SPVs and become an equal partner. Digital Realty is the largest provider of cloud and carrier-neutral data center, colocation, and interconnection solutions globally with 300+ data centers across 27 countries. They have a joint venture with Brookfield Infrastructure that is developing scalable data centers to meet the critical infrastructure needs of enterprises and digital services companies in India. Reliance will become an equal partner in the joint venture. The joint venture will be branded as 'Digital Connexion'. The joint venture is currently developing data centers in Chennai and Mumbai. The joint venture's first 20-megawatt greenfield data center, on a 100-megawatt (MW) campus in Chennai, is expected to be completed by the end of 2023. The joint venture recently announced the acquisition of 2.15 acres of land in Mumbai, to build a 40 MW data center. Given the location of these sites, the data centers will be connected to critical terrestrial connectivity infrastructure, as well as undersea cables, and will become hubs for global connectivity for Indian companies and gateways into India for multi-national companies. Data center capacity in India is expected to increase multi-fold over the next few years. Indians are already amongst the largest mobile data consumers globally. The ongoing innovations in generative artificial intelligence (AI) technology have been enabled by hardware and data center infrastructure, and the requirement of these is only set to increase exponentially. There is also an increased emphasis on localization of personal data within the country. These drivers will significantly increase the data center and compute capacity requirements of the country.

On July 27, Jio Financial Services Limited (Jio Financial) and BlackRock, Inc. (BlackRock) announced an agreement to form Jio BlackRock, a 50:50 joint venture that combines the respective strengths and trusted brands of BlackRock and Jio Financial to deliver tech enabled access to affordable, innovative investment solutions for millions of investors in India. Jio BlackRock brings BlackRock's deep expertise and talent in investment management, risk management, product excellence, access to technology, operations, scale, and intellectual capital around markets, while Jio Financial contributes local market knowledge, digital infrastructure capabilities and robust execution capabilities. Together, the partnership will introduce a new player to the India market with a unique combination of scope, scale, and resources. Jio Financial and BlackRock are targeting initial investment of US$150 million each in the joint venture.

Samsung Electronics Co., Ltd. (Samsung) pledged to keep cutting memory chip production while forecasting a rebound in sales in the second half of the year, as artificial intelligence (AI) demand helps global tech spending climb out of a post-Covid funk. Samsung, which on Thursday reported better-than-expected net income, said artificial intelligence will provide a boost to memory demand before the year's end. Korea's largest company plans to double its capacity to make high-bandwidth memory, a next-generation technique used to help train AI, by 2024. The focus now is on a race with SK Hynix Inc (Hynix) to develop tools vital to AI, allowing the world's two largest memory chipmakers to capitalize on a boom that has emerged since OpenAI's launch of ChatGPT. Until that demand kicks in, Samsung and Hynix aim to weather the current economic uncertainty by sticking with promises to curtail output of NAND chips used in personal computers (PC)s and phones in a bid to arrest sliding prices. Samsung expects generative AI to drive a rapid increase in demand for high-performance memory able to process substantial amounts of data, said Jaejune Kim, executive vice president of Samsung's memory business. But he warned that demand for general servers and storage was relatively limited. Samsung said it won't provide a bit shipment guidance for the full year, due to macroeconomic uncertainties. Overall memory inventory seems to have peaked in May, but a tepid post-Covid recovery in China's hitting demand for logic chips, it said. Samsung is now trying to catch up on two fronts: it seeks to win more orders for AI-supporting chips while it also expands its foundry business, where it trails Taiwan Semiconductor Manufacturing Company Limited of Samsung's entire quarterly capex of 14.5 trillion won, more than 90% was spent on chips.

Amazon.com, Inc. (Amazon) announced that it has reached a major milestone in its efforts to make same-day and next-day delivery the standard for members of Prime. Specifically, the company said that so far this year it has delivered 1.8 billion units to U.S. Prime members the same or next day, roughly four times what it delivered at those speeds by this point in 2019. Over the past four years, Amazon has been investing in its warehouse and delivery network to shorten shipping times from two days to one day or less, and while COVID-19 presented an obstacle to those goals, normal delivery speeds have largely returned as new warehouses come online. The company has been transitioning away from its national "hub and spoke" fulfillment network and instead is moving to a model that is divided into eight smaller regions, with local facilities that stock commonly ordered items. Amazon has also seen improvements in its machine-learning technology that drives better inventory placement and improves delivery times.

Alphabet Inc. (Google) reported solid second quarter results, with consolidated revenue coming in ahead of consensus despite a 200 basis points foreign exchange headwind, and operating income was also above expectations, partially reflecting the full benefit of the January workforce reductions. Total advertising revenue was up 3% year over year, aided in part by relative strength in the retail vertical, and Google continued to demonstrate innovation around AI during the quarter by rolling out multiple new tools to optimize advertiser spend and increase productivity. Performance Max remains a key value provider for retailers as profitability remains a point of focus amidst the uncertain macro backdrop, and YouTube ad revenue returned to year over year growth for the first time since the second quarter of 2022, driven by stabilization of brand spend. Cloud delivered robust growth and its second straight quarter of profitability, and management indicated it is seeing solid interest in AI-optimized infrastructure and AI platform services. Separately, Google announced that Ruth Porat, chief financial officer (CFO) would be transitioning to a new role after more than eight years as the company's CFO, with Ms. Porat to assume a newly created role of President and Chief Investment Officer of Alphabet and Google, effective September 1, 2023, and the company is in the process of searching for her successor.

Google's search revenue increased 4.8% year over year, to $42.6 billion, while Network revenue was down 5% year over year at $7.9 billion. YouTube ad revenue increased ~4% year over year, to $7.7 billion and total ad revenue returned to growth at $58.1 billion, +3.3% year over year. During the second quarter, Google introduced new AI tools designed to enhance the consumer experience and boost advertiser productivity, including (1) Search Generative Experience, a product which leverages generative AI to respond to Search queries, (2) a revamped asset creation flow in Performance MAX that helps advertisers quickly adapt and deploy their creative ideas, and (3) Demand Gen and Video View Campaigns, which are optimized for YouTube and include Shorts inventory. Shorts now has over 2 billion logged-in users every month, up from 1.5 billion a year ago, and brand advertisers can now test campaigns on the platform.

Google Cloud revenue grew 28% year over year to $8.0 billion in the second quarter, and operating margin expanded 230 basis points quarter over quarter to 4.9%. Management noted new generative AI capabilities are helping to expand Cloud's addressable market, and more broadly the company is seeing robust demand for more than 80 models, including 3P and open-source models in Vertex. Google also sees opportunities to win new Workspace customers via cutting edge AI solutions, with additional potential to upsell its existing base of 9 million paying users.

Google reported operating income of $21.9 billion, representing a 29.3% margin (versus 25% in the first quarter of 2023). Traffic acquisition cost as a percentage of ad revenue was down 10 basis points year over year at 21.6%, while other cost of goods sold as a percentage of revenue expanded 30 basis points year over year to 26%, driven by YouTube content acquisition costs and hardware costs. Operating Expense as a percentage of sales fell to 27.9% in the second quarter from 31.2% in the first quarter, and the company continues to moderate headcount growth and rationalize its real estate footprint. Google indicated savings from the cost reduction efforts will in part be deployed toward investments in data centers as well as graphics processing units and tensor processing units to support opportunities within AI.

Meta Platforms, Inc. (Meta)'s Threads is rolling out a Following feed, which was one of the most requested features following its launch a few weeks ago. The app has also announced the ability to see posts a user has liked in their settings, which will be available soon. Users can hide or show the "For You" and "Following" feeds by tapping on the Threads icon at the top of the app's screen. Furthermore, the update includes new categories to sort a user's activity feeds, allowing them to filter by Follows, Quotes, and Reposts, and a new follow button on their follower lists makes it easy to follow other accounts back. "Threads started rolling out an option for a chronological feed of only people you're following and added translations too. More to come!" Mark Zuckerburg, chief executive officer (CEO) said. In order to get these new few features, users will need to be on the latest version of the Threads app.

Carnival Corporation & plc (Carnival) announced that the company intends to commence the marketing of a new senior secured first lien term loan B facility with an original principal amount of US$1.0 billion, expected to mature in 2027. In conjunction with the loan, and subject to market and other conditions, the company may raise $500 million of other secured debt maturing in 2029. The company intends to use the proceeds from the refinancing transactions to repay a portion of the borrowings under the company's existing first-priority senior secured term loan facility maturing in 2025. After the closing of the refinancing transactions, the company intends to redeem all of the company's 10.500% second-priority senior secured notes due 2026 and 10.125% second-priority senior secured notes due 2026, saving over $120 million in interest expense on an annualized basis. The company expects to use cash on hand to finance the redemptions. David Bernstein, the company's CFO commented: "Given the confidence we have in our business and its cash flow generation, we plan to retire $1.2 billion of our highest cost debt. In connection with this retirement, we plan to extend some of the lowest cost public debt in our portfolio. This is yet another step forward in our deleveraging journey, building on the $1.4 billion we already early retired this year. With this debt repayment, we now expect our year end debt balance to be less than $32.0 billion, an improvement over the November 30, 2023 debt balance of less than $33.0 billion provided in our June guidance."

Danaher Corporation (Danaher) announced results for the second quarter 2023 reporting net earnings of US$1.1 billion, or $1.49 per diluted common share and non-generally accepted accounting principles (GAAP) adjusted diluted net earnings per common share were $2.05, beating analysts' expectations of $2.01 per share. Revenues decreased 7.5% year-over-year to $7.2 billion, with a 7.0% non-GAAP core revenue decrease (due primarily to the impact of lower COVID-19 revenue), including 2.0% non-GAAP base business core revenue growth. The company's total revenue of $7.2 billion beat analysts' average estimate of $7.12 billion on strength in respiratory testing revenue. Danaher's diagnostics segment that makes COVID-19 and Deoxyribonucleic acid (DNA)-based testing kits recorded better-than-expected sales of $2.23 billion, compared with the estimates of $2.08 billion. Sales from the biotechnology business came in at $1.89 billion for the second quarter ended June 30, missing analysts' estimate of $2.03 billion. Operating cash flow for the second quarter was $1.9 billion and non-GAAP free cash flow was $1.6 billion. For the third quarter 2023, Danaher anticipates that non-GAAP base business core revenue will be down low-single digits year-over-year. The company had also cut its annual sales growth forecast for a second straight quarter, signaling that the funding crunch in the drug development market continues to weigh on the company's biotechnology business. Danaher's bioprocessing business has been under pressure as a decline in biotech funding has blunted demand for its tools and services used in drug development by its biotech and pharmaceutical clients. For the full year 2023, the company anticipates that non-GAAP base business core revenue growth will be up low-single digits year-over-year. Rainer M. Blair, President, and CEO, stated, "We are pleased with our second quarter results which met our expectations, despite a more dynamic operating environment. Our team's consistent execution, paired with better-than-expected performance in our Life Science and Diagnostics businesses, including stronger respiratory testing revenue, helped offset softer demand in bioprocessing." Blair continued, "We're confident about the bright future ahead for Danaher. The unique combination of our talented team, differentiated portfolio and balance sheet optionality—all powered by the Danaher Business System—provides a strong foundation for creating shareholder value while helping to meaningfully improve human health."

LVMH Moët Hennessy - Louis Vuitton, Société Européenne (LVMH) – Sales at the world's top luxury group LVMH rose by 17% in the second quarter, with a sharp rebound in China helping to offset a decline in the U.S., where inflation and economic turbulence have dented demand for high-end goods. The French company, whose 75 brands include fashion labels Louis Vuitton and Dior as well as Hennessy cognac and U.S. jeweler Tiffany, announced it made 21.2 billion euros (US$23.4 billion) of sales in the three months to the end of June. LVMH's leather goods division, home to Vuitton and Dior, grew revenues by 21%, also just above the expected 20% increase. The narrow beat for a company that routinely delivers results ahead of expectations and is regarded as a bellwether for the luxury industry, could signal that the sector is moving towards a steadier path after years of stellar growth as consumer demand normalizes after the post-pandemic euphoria. Jean-Jacques Guiony, finance chief told reporters he was "very satisfied" with the rebound in China, which makes up the bulk of Asian sales. The region - excluding Japan - posted 34% growth compared to last year, when strict COVID-19 restrictions hit sales and emptied stores in China. But he refrained from giving an outlook for the rest of the year. The pace of the Chinese recovery and future growth prospects have become a major talking point among investors after lackluster economic data and cautious comments from Cartier-owner Richemont weighed on luxury shares earlier. "The global mood is not one of revenge buying like we saw in 2021 and 2022, so we're talking more about normalization than anything else," Guiony said. "We have no visibility; we are not pessimistic and don't have a reason to be in China. In the United States, we see it's not as good as it was," he added. U.S. sales fell by 1% over the period, with weak cognac sales dragging down the wines and spirits division. The decline in demand for entry level products in the United States has not been seen in China, Guiony said. High youth unemployment in China, where the average age of consumers is 28, younger than other parts of the world, has been a particular source of concern for the industry.

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 Coca-Cola Company (Coca-Cola) reported the second quarter of 2023 Comparable earnings per share (EPS) of $0.78 that bested consensus at US$0.72. The majority of the beat stemmed from below the line (namely equity and interest income), while ~1c is tied to the better than anticipated topline. Organic sales +11% with the beat fully driven by price/mix. Particular outperformance from Latin America (+25%), Global Ventures (+10%) and BIG (+15%). Operating margins +90 basis points with ~60% of the beat driven by a better than anticipated gross margin. Selling, general and administrative expenses (SG&A) were higher than forecasted in absolute dollars: North America +370 basis points marking a 2nd consecutive quarter of particular strength. Guidance 2023: Organic revenue up +8-9% (from +7-8% and consensus +8.2%); Comparable constant currency EPS up +9-11% (from +7-9%); Comparable EPS up +5-6% (from +4-5%, implies $2.61-$2.63 range with Consensus at $2.61)

Colgate-Palmolive Company (Colgate-Palmolive) just reported the second quarter of 2023 Core EPS of US$0.77 which compares to Consensus $0.75. Total company organic sales +8% due to stronger pricing (+11%). North America margins +290 basis points to 23.2%. Asia Pacific organic sales -1% (versus our downwardly revised +1%) and Europe volumes were down -6.5%. 2023 Guidance: raised EPS up to the high end of mid-single digits (from up mid-single digits). Consensus +5.7%; raised Net Sales: +5-8% (from +3-6% previously).

Kimberly-Clark Corporation (Kimberly-Clark) reported the second quarter of 2023 Core EPS of $1.65, which compares to the Consensus of $1.48. Organic sales of +5.4% came in ahead of estimates, driven by stronger-than-anticipated pricing and mix, with volumes in line with forecast. Gross margins increased +380 basis points year over year, solidly ahead of estimates, even with cost inflation coming in ~in-line estimate. Guidance: EPS: +10-14% (versus prior +6-10%), or $6.19-$6.42. Current consensus stands at $6.27; Operating margin +150 basis points year over year (versus prior +130 basis points); Organic sales +3-5% (versus prior of +2-4%). The current consensus stands at +4.3% and Net sales flat to +2%, now inclusive of a -1% headwind from divestitures. Current consensus stands at +2.3%.

Nestlé S.A. - The first half of 2023 Sales totaled CHF22.8 billion (-1.1% versus consensus). The first half of 2023 underlying trading operating profit was CHF7.9 billion (+2.0% versus consensus), with the first half of 2023 underlying trading operating margin at 17.1% (+50 basis points above consensus) +20 basis points year over year (+30 basis points at constant foreign exchange). Underlying EPS in the first half of 2023 was CHF2.43, +6.3% ahead of consensus. Gross margin contracted 40 basis points in the first half of 2023, more than offset by Distribution expenses (-50 basis points) and Administration, marketing and advertising, Research and Development (R&D) (-10 basis points). Advertising and marketing expenses as a percentage of sales were flat versus the first half of 2022 at 7.1%. The second quarter of 2023 organic sales growth was above estimates, as was the first half of 2023 operating margin, operating profit, and underlying EPS. The second quarter of 2023 Real Internal Growth (RIG) missed by 50 basis points, driven by Europe and Asia-Oceania-Africa on a Zone view, and Waters, Milk Products & Ice-cream and Confectionary on a category view. Fiscal year 2023 organic sales growth has been nudged up (though the consensus is already there). Management is confident it can deliver a positive combination of volume and mix, an improvement in gross margin and a significant increase in marketing investments. Fiscal year 2023 guidance: "Increasing organic sales growth guidance to a range of 7% 8% (previously: between 6% and 8%). The underlying trading operating profit margin is expected to be between 17.0% and 17.5% (no change). Underlying earnings per share in constant currency is expected to increase between 6% and 10%. At-home consumption post-COVID-19 has now normalized, removing a growth drag on some of our categories. Out-of-home channels continue to see robust growth momentum. For the remainder of the year, we are confident that we will deliver a positive combination of volume and mix, an improvement in gross margin and a significant increase in marketing investments. Combined with ongoing portfolio management and optimization as well as the continued implementation of our sustainability initiatives, we are well positioned to grow and to generate value for our stakeholders". Note that Fiscal year 2023 consensus currently looks for organic sales growth of +7.6% (RIG +0.6%, price +6.9%), an underlying trading operating profit of CHF16,701 million, an underlying trading operating margin of 17.3% and an underlying diluted EPS of CHF4.98.

The Procter & Gamble Company reported the fourth quarter of 2023 Core EPS of US$1.37, which compares to consensus $1.32. Total company organic sales +8% due to stronger price/mix with volumes. Beauty Care organic sales +11%. Health Care organic sales +5% with volumes down -3% Gross margins expanded +380 basis points (versus Consensus closer to +300) due to a combination of stronger pricing, less onerous raw material inflation and less negative mix. Marketing & overhead investments net of savings up +330 basis points. Fiscal Year 2024 Guidance: EPS: +6-9% year over year growth (Implied $6.25-$6.43). Current Consensus assumes +8.5% year over year growth and $6.37 EPS; Share repurchases: $5-6 billion.

Roche Holding AG (Roche)'s first half of 2023 earnings before interest and taxes (EBIT) was -0.5% versus consensus with higher corporate costs offsetting beats across both divisions. Pharma's first half of 2023 EBIT beat +3% benefiting from the sale of product rights in China. Diagnostics first half of 2023 EBIT was +6% versus consensus, with a notably strong gross margin (53%) offset by higher R&D. Group second quarter sales were -1.0% versus consensus, with diagnostic performance weaker than expected and Pharma in-line versus consensus. Pharma second-quarter sales were -0.3% vs consensus. Vabysmo was a notable growth driver and came in 9% ahead of consensus. Polivy was a strong outperformer with +19% versus consensus and strong growth across all regions. Diagnostic second-quarter sales were -5.5% versus consensus. Diagnostic COVID-19 headwind was SFr2.7 billion in the first half of the year, broadly in-line. Roche reiterated its 2023 outlook for sales growth for "low single digit decline", Core EPS growth at "broadly in-line with sales decline".

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

BridgeBio Pharma, Inc. (BridgeBio) announced that, based on discussions with the U.S. Food and Drug Administration (FDA), there is a potential path to pursue accelerated approval in the U.S. for BBP-418, an investigational oral substrate supplementation therapy, in patients with limb-girdle muscular dystrophy type 2I (LGMD2I/R9). BridgeBio also announced that the first patient with LGMD2I/R9 has been dosed in its Phase 3 FORTIFY clinical trial of BBP-418. To date, the company has activated over half the planned U.S. clinical sites and is in the process of opening sites in Europe and Australia to support global registration. The Phase 3 FORTIFY registrational study is a randomized, double-blind, placebo-controlled study evaluating the safety and efficacy of BBP-418. FORTIFY has a planned interim analysis at 12 months focused on assessing glycosylated αDG as a surrogate endpoint to potentially support an accelerated approval. The North Star Assessment for Dysferlinopathy and secondary endpoints will be evaluated at 36 months, and results are expected to provide confirmatory clinical data. A novel, validated bioassay was developed by BridgeBio to directly measure glycosylated αDG levels, which are central to LGMD2I/R9 disease, and may enable monitoring of responses to disease-modifying therapies in LGMD2I/R9 patients. BridgeBio is committed to collaborating with the FDA to address the challenges associated with LGMD2I/R9 drug development, including the potential use of a surrogate endpoint to support an accelerated approval.

Clarity Pharmaceuticals Ltd. (Clarity) announced the Phase II U.S.-based diagnostic 64Cu SAR-Bombesin trial (SABRE) for patients with prostate cancer has reached its 50% recruitment milestone, with 25 out of 50 participants enrolled and imaged. SABRE (Copper-64 SAR-Bombesin in Biochemical Recurrence of prostate cancer) is a Phase II Positron Emission Tomography (PET) imaging trial of participants with Prostate-specific membrane antigen (PSMA)-negative biochemical recurrence (BCR) of prostate cancer following definitive therapy. It is a multi-center, single arm, non-randomized, open-label trial of 64Cu-labelled SAR-Bombesin in 50 participants. The primary objectives of the trial are to investigate safety and tolerability of the product as well as its ability to correctly detect recurrence of prostate cancer.

Clarity Pharmaceuticals reported the second quarter financial results. Operating cash outflows for the June quarter were US$9.5 million. Net operating cash outflows however were only $2.1 million, inclusive of the Research, Development, Technology, and Innovation received of $6.7 million and interest income received of $0.7 million. The overall spend in the quarter of $9.5 million, is in line with the previous quarterly outflows and reflects the company's ongoing clinical programs. Payments to related parties of the entity and their associates totaled $366,798 for the quarter. This amount includes director fees and salaries paid in the June quarter.

RadNet, Inc. (RadNet) announced the addition of two executives to lead advancements in the company's technology solutions, including its current portfolio of radiology informatics (eRAD Radiology Information and Image Management Systems and related solutions) and clinical and generative Artificial Intelligence (AI). Sham Sokka, PhD., has been named Chief Operating and Technology Officer of Digital Health at RadNet. Sanjog Misra has joined the company as Chief Commercial Officer of Digital Health. Dr. Sokka contributes significant executive-level experience in business, marketing, and innovation from his 20-year tenure at Philips. Dr. Sokka most recently served as Senior Vice-President of Innovation and Marketing for Philips Precision Diagnosis business cluster. Prior to that role, he has led informatics and services businesses: the Ventures and Radiology Solutions businesses of that same cluster. Dr. Sokka obtained his PhD. from the MIT-Harvard division of Health, Sciences, and Technology and earlier in his career also led clinical development in oncology and imaging systems, helping to introduce novel MR-guided therapy systems for oncology. "Sham has a proven track record in informatics, healthcare analytics, clinical development, engineering, and global marketing," noted Howard Berger, M.D., President and CEO of RadNet. "His career has been dedicated to driving transformation in the healthcare industry. We are confident that his leadership and insights will prove pivotal as we execute our vision to grow our Digital Health initiatives." Mr. Misra also joins RadNet from Philips, where his last position was Vice President of Enterprise Solutions, Commercial Leader of Diagnostic Imaging Chains and Head of Philips Capital, North America. Over the last 14 years at Philips, Mr. Misra has worked in various commercial and finance leadership roles handling Solution Sales and Corporate Finance across geographies that include India, the Asia Pacific, and North America. "Sanjog is a seasoned healthcare executive who comes with both commercial and finance experience. He has an invaluable understanding of how to drive commercial scale with profitable business models within new and emerging markets," added Dr. Berger.

POINT Biopharma Global Inc. (POINT) announced the expansion of their global supply agreements with ITM Isotope Technologies Munich SE (ITM) signed in 2020. The expanded agreement broadens the supply of ITM's non-carrier-added lutetium-177 (n.c.a. 177Lu) to POINT to enable its usage in the clinical and potential future commercial development of the 177Lu-based molecules in POINT's development pipeline. Financial details of the agreement were not disclosed. Steffen Schuster, CEO of ITM added, "It is our objective to make Targeted Radionuclide Therapy as broadly available as possible, not only by advancing our own pipeline, but also by supporting the whole industry with a stable and scalable isotope supply. We look forward to enriching our long-term collaboration with POINT by supplying our versatile n.c.a. lutetium-177 for the development and commercialization of various novel molecules."

NUCLEAR ENERGY

Assystem S.A. (Assystem), an international engineering group, released its revenue figures for the six months ended June 30, 2023 (first-half 2023). Assystem's consolidated revenue totaled €282.5 million in the first half of 2023, up 16.9% on first-half 2022. The year-on-year increase breaks down as 13.9% in like-for-like growth, a positive 3.9% impact from changes in the scope of consolidation (due to the consolidation of UK-based LogiKal since December 1, 2022, and of Oreka Ingénierie and Relsafe PRA Consulting since January 1, 2023), and a 0.9% negative currency effect. The Group's solid like-for-like growth was driven by robust demand across Assystem businesses, as well as by the success of the company's recruitment campaign carried out upstream of projects as from the fourth quarter of 2022, enabling the planned number of employees to be reached. Revenue from Nuclear activities totaled €198.1 million versus €171.7 million in the first half of 2022. This 15.4% year-on-year increase includes 15.8% like-for-like growth, a positive 0.4% impact from changes in the scope of consolidation, and a negative 0.9% currency effect. Growth for this segment was buoyant in France, very buoyant in the United Kingdom, and all of the Group's other geographic regions posted revenue increases. As a reminder, like-for-like growth reached a low point in the first half 2022. Energy Transition and Infrastructure revenue came to €84.4 million in the first half of 2023, compared with €69.9 million in the first-half 2022. Total year-on-year growth was 20.6%, breaking down as 9.1% like-for-like growth, a positive 12.3% impact from changes in the scope of consolidation, and a negative 0.8% currency effect. The increasing contribution of siting studies as part of the Group's major infrastructure contracts in Saudi Arabia since the second quarter of 2022 has now steadied, at a high level compared with 2022. Assystem has signed an agreement to sell its business activities in the Pacific area – Assystem Polynésie and Assystem Nouvelle-Calédonie – to the current management of those two companies. Subject to the fulfilment of certain conditions precedent, the sale is due to close by the end of 2023, enabling Assystem to complete its strategic refocusing. Taking into account this disposal, Assystem's targets for the full year 2023 are a consolidated revenue of around €570 million and earnings before interest, taxes, and amortization of around €35 million. The company has said that the targets are based on the assumption that the macroeconomic, geopolitical and public health context will remain similar to the situation in the first half of the year.

BWX Technologies, Inc. (BWXT) announced that the company's reactor and fuel will be key components in the world's first demonstration spacecraft using nuclear thermal propulsion. Working as part of a team led by Lockheed Martin, BWXT Advanced Technologies LLC will complete final design of the nuclear reactor, manufacture the reactor's hardware and fuel, assemble the components and deliver the fueled reactor as a complete subsystem for integration into the Defense Advanced Research Projects Agency's (DARPA) Demonstration Rocket for Agile Cislunar Operations, known as DRACO. Work on this program will be conducted primarily at BWXT's Mt. Athos Road complex near Lynchburg, Virginia. The reactor's energy will enable propulsion that allows DRACO to maneuver through space with great speed and agility for an extended period of time. This nuclear thermal propulsion system is designed to be extremely safe and reliable, using High Assay Low Enriched Uranium fuel to rapidly heat a super-cold gas, such as liquid hydrogen. As the gas is heated, it expands quickly and creates thrust to move the spacecraft more efficiently than typical chemical combustion engines. The spacecraft is targeted for a 2027 launch from Earth in "cold" status (meaning that the reactor is turned off as a part of launch safety protocols) by a conventional rocket, and then the reactor will be powered on once the spacecraft attains an appropriate location above low earth orbit. Joe Miller, president of BWXT Advanced Technologies LLC, commented, "the award of this contract further demonstrates BWXT's ability to design, manufacture and deploy nuclear reactors and fuel on a scale that is unmatched elsewhere in the world today," and "this partnership with Lockheed Martin working for DARPA adds another important dimension to BWXT's already-impressive line-up of nuclear reactor designs for commercial and defense applications."

Constellation Energy Corporation (Constellation), the largest producer of carbon-free energy in the U.S., and Johnson Controls, a global leader for smart, healthy, and sustainable buildings announced an agreement to support the development of two new solar plants and match the power needs of four major Johnson Controls manufacturing and research and development facilities. Constellation's Offsite Renewables Plus (CORe+) retail power product combined with Johnson Controls' commitment to renewables is supporting the development of two new Welcome Solar renewable energy facilities, funds managed by AB CarVal, a global alternative asset manager, in Pennsylvania. Backed by Johnson Controls' 15-year commitment starting in December 2024, Constellation has entered separate, long-term power purchase agreements to procure 29 megawatts of energy from the Welcome Solar projects. Johnson Controls will receive energy through its retail agreement with Constellation that is matched by Green-e® Energy certified renewable energy certificates from U.S. facilities. Those will be matched to Johnson Controls' four world-class engineering and manufacturing facilities in Pennsylvania, dedicated to advancing net zero buildings. The first is the New Freedom global research and development complex, where Johnson Controls is leading the charge in heat pump development - machines that enable the full electrification of buildings and generate three to eight times as much energy as they consume. The others include an advanced chiller manufacturing center and two facilities that are driving hyper-efficiency in industrial refrigeration applications. This new renewable energy agreement will advance Johnson Controls' goal of 100% renewable energy in its operations by 2040 and help reduce its carbon footprint by more than 14,000 metric tons annually, equivalent to the emissions of nearly 36 million miles driven by a gas-powered car, according to the U.S. Environmental Protection Agency calculator. Collaboration is not new to Johnson Controls and Constellation. The companies continue to work together to help accelerate net zero building progress across U.S. commercial, industrial and public sectors. Combining Johnson Controls OpenBlue Net Zero Buildings advisory, technology, and services with Constellation's industry-leading offsite renewable capabilities allows customers to benefit from increased accessibility and economies of scale. OpenBlue Net Zero Buildings is built on OpenBlue, a unique, open-architecture digital suite that harnesses data and AI to drive unprecedented functionality and efficiency in buildings. Data and digitalization - along with electrification innovations like heat pumps - are key to urgently tackling the nearly 40% of global greenhouse gas emissions from buildings, and to spurring renewed vigor and productivity in economies around the world.

ITM Power PLC (ITM Power) and W. L. Gore & Associates Canada Inc, a global materials science company dedicated to transforming industries and improving lives, intend to collaborate to further deepen their understanding of proton exchange membrane water electrolysis performance over lifetime, durability mechanisms and reliability. The collaboration will enable fast paced progress, and shall further enhance stack performance, durability and reliability as part of ITM Power's technology development program, leveraging each company's expertise and capabilities in science and technology, including ITM Power's world-class electrolyser testing facilities. The proton exchange membrane is at the heart of the electrolyser stack, serving as an ion permeable barrier within each cell, which separates hydrogen and oxygen, and transports protons from the anode to the cathode. The capability of the membrane, together with its interactions with other cell and stack components during assembly and operation, makes the membrane one of the most important determinants of stack performance and longevity. The two companies are both leaders in their fields with R&D underpinning their foundations and a reputation for pioneering innovation. Dennis Schulz, CEO ITM Power, said: "We are delighted to elevate our collaboration with Gore to the next level. Their understanding of membranes and their product quality and reliability are market-leading, and by forging ahead with this alliance, we are further cementing our technology leadership whilst at the same time ensuring that a key part of our supply chain is future-proof as we scale up."

ECONOMIC CONDITIONS

The U.S. economy accelerated in the second quarter, led by surging business investment. Real gross domestic product (GDP) growth sped up to 2.4% annualized in the second quarter from the prior tally of 2.0%. The acceleration came despite an anticipated slowing in consumer spending growth to 1.6% versus a 4.2% gain in the prior quarter. Households appear to be more constrained in this high inflation and interest rate environment. For evidence on that, look no further than real motor vehicle output rocketing up nearly 20%, while spending on new vehicles sagged 10.6%. There still appears to be some pent-up demand left, as spending on admissions to live entertainment (excluding sports) is nearly back to its fourth quarter of 2019 level in nominal terms (the Taylor Swift effect). That didn't extend to food services and accommodation spending, which dipped 2.9%. On the other side of the ledger, the CHIPS Act and the Inflation Reduction Act are helping to spur a rebound in business investment, which surged 7.7% after growing a meager 0.6% last quarter. Both real manufacturing and multifamily housing investment perked up to 20-year highs. Export volumes reversed course, as the goods trade deficit widened by 1.1%, but falling imports overall led to a mild narrowing of the overall trade deficit. Government spending continues to spur the economy, but growth was cut nearly in half to 2.6% from 5.0% in the previous quarter. With the U.S. economy a year removed from recording consecutive negative gross domestic product (GDP) growth, real GDP is up by 2.6%, the economy has added 3.8 million new jobs, and headline inflation has fallen back to 4%. While the headline growth figure raises the odds the Federal Reserve may have to consider further hikes later this year, slowing consumer spending and inflation may give them comfort that higher interest rates are having the desired effect on the economy.

U.S. consumers' Personal spending rose 0.5% in June, while real spending accelerated 0.4%, a bit more than expected, following an upwardly-revised 0.1% advance the prior month. While real consumer spending growth moderated to 1.6% annualized in the second quarter from 4.2% in the first quarter, there is every reason to believe it will quicken in the third quarter, with support from rising real wages, rallying equity markets, and surging confidence. Personal income came in on the light side, rising 0.3%, though the prior month's advance was bumped up to 0.5%. The saving rate fell back to 4.3%, indicating that households continue to tap savings to support spending.

U.S. headline and core prices rose 0.2%, as expected, chopping their yearly rates to 3.0% and 4.1%, respectively. The former is now in line with the Consumer Price Index (CPI) rate, while the latter has finally broken out of this year's narrow 4.5%-to-4.7% range.

EuroZone headline inflation fell to 5.3% year over year in July, in line with the consensus, while core inflation came in a touch stronger than expected by remaining at 5.5% year over year (market: 5.4%). Core goods inflation momentum continued to soften in July, which pushed down the year-over-year rate to a 12-month low of 5%, while at the same time, momentum in the services component increased further. In fact, services prices increased by 1.4% m/m in July—the second largest increase on record. Moreover, the second quarter GDP figures came in a touch stronger than expected, increasing 0.3% quarter over quarter (market: 0.2%). With the Governing Council having made clear that the September decision will essentially all come down to the data, today's strong core inflation and GDP prints will continue to leave an increase on the table for the next meeting in our view.

Australian inflation report for the second quarter reported both headline and trimmed lower-than-expected and below their May's forecasts. The second quarter headline CPI was softer-than-expected at 0.8% quarter over quarter (consensus: 1.0%, the first quarter: 1.4%, Reserve Bank of Australia (RBA): 1.1%), bringing the annual print to 6.0% year over year (the first quarter: 7.0%) Lower prices for domestic travel/accommodation, electricity and automotive fuel helped to cool inflation over the second quarter. Trimmed mean inflation also cooled to 0.9% quarter over quarter (cons/RBA: 1.1%, Q1: 1.3%-revised up from 1.2%), tracking the headline and brought the annual print to 5.9% year over year. Similarly, inflation momentum in both the goods and services CPI categories eased, dropping to 0.9% and 0.8% on a quarter over quarter basis from 1.2% and 1.7% respectively. While the June monthly CPI printed in line as expected at 5.4% year over year (consensus:5.4%). Overall, the second quarter CPI report shows progress in the RBA's effort to tame inflation, however, we think it is difficult for the Bank to make a definitive call to end its hiking cycle at its policy decision next week on the back of one soft CPI print.

FINANCIAL CONDITIONS

U.S. Federal Reserve raised its policy rates by 25 basis points, lifting the fed funds target range to 5.25%-to-5.50%, which is its highest level in 22 years. The decision was unanimous. The Federal Open Market Committee shifted its economic assessment from growth being "modest" to it being "moderate", an upgrade of sorts reflecting data resiliency (Chair Powell in the presser: "Economic activity remained resilient" in the intermeeting interval.) And, as anticipated, last month's forward guidance was repeated verbatim. It says: "In determining the extent of additional policy firming that may be appropriate to return inflation to 2% over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments." The "may" word affords the Federal Reserve a lot of flexibility. It fits in with today's hike and could accommodate a skip or a hike on September 20th in our view. If the worry remains that the theme of growth and inflation ebbing, but not fast enough to instill confidence in the restoration of price stability, was still being played in two months the Federal Reserve would likely raise rates again in September but if not, the focus would shift to November 1st, in our view however it does feel like we are in terminal territory.

25 basis points rate increase by the European Central Bank (ECB), which brought the refi rate to a 14-year high (or September 2008) of 4.25%, the deposit rate to a 23-year high of 3.75% and the marginal lending facility to 4.50%. The press release again started off with "inflation continues to decline"; then, reminded that the central bank is data-dependent, and since "inflation is still expected to remain too high for too long", rates will stay at "sufficiently restrictive levels for as long as necessary". As for September the ECB President commented the ECB "may hike, it may pause, but it will definitely not cut." And if it does pause, "it won't necessarily be for a period of time". The data will inform them of what to do… the Governing Council has an "open mind" and for the September meeting, will have two new inflation readings and a new set of staff forecasts to guide them. Plus, new data. And when asked what data they will keep a closer eye on, she responded "All of them."

Bank of Japan (BoJ) introduced flexibility by continuing to target the 0% level with a reference, rather than a rigid band of 0.5%. However, the BoJ will cap yields from rising above 1% by offering to buy Japanese Government Bonds at 1% on a daily basis, so that 1% essentially becomes the new 10-year yield cap (from +0.50% previously). The BoJ justified the move saying that if inflation continues to rise, real rates will become less restrictive and that strictly capping long term rates could affect the functioning of the bond market. Moreover, the inflation forecast for 2023 was revised up to 2.5% (1.8% previously) in line with market expectations. However, the 2024 inflation forecast was adjusted lower, bringing it to 1.9% (2.0% previously), slightly below the 2% BoJ's inflation target.

The U.S. 2 year/10-year treasury spread is now -0.93% and the UK's 2 year/10-year treasury spread is -0.65%. 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 6.80%. Existing U.S. housing inventory is at 3.1 months supply of existing houses as of June 30th, 2023 - well off its peak during the Great Recession of 11.1 months and we consider a more normal range of 4-7 months.

The volatility index (VIX) is 13.91 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Good habits formed at youth make all the difference." ~ Aristotle*

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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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