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# NEWS HIGHLIGHTS

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

DECEMBER 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

**Reliance Industries Limited (Reliance)** – Mukesh Ambani, Reliance's Chairman said that India's energy needs to double by the end of the decade. He expressed confidence about the Indian economy, saying that it will become a US\$40 trillion economy by 2047, from the current \$3.5 trillion, reported Press Trust of India. Ambani said that India, as the world's third-largest energy consumer, will also see its energy needs double by the end of this decade. Ambani said that in the coming 25 years, India will witness an unprecedented explosion of economic growth and that it is a crucible to turn the vision of a clean, green, and sustainable tomorrow into reality. Ambani, the nation's richest man, further added that energy transition has become the most critical factor in ensuring India's transformation into a global leader in green, sustainable and inclusive development. Expressing confidence in India developing smart and sustainable solutions to address this trilemma, he said this would be possible because extremely talented young minds have vowed to fight the climate crisis.

With the U.S. easing sanctions on Venezuela, India's crude oil imports from Caracas are set to resume after three years with Reliance booking three tankers scheduled to load oil from the Latin American country in December and January 2024, as per shipping fixtures shared by trade sources. Reliance was a regular buyer of Venezuelan crude prior to imposition of U.S. sanctions on Caracas in 2019. Following the sanctions, oil imports from Venezuela stopped. According to data

from commodity market analytics firm Kpler, India last imported Venezuelan crude in November 2020. Venezuela was India's fifth-largest supplier of oil in 2019, providing close to 16 million tonnes of crude to Indian refiners, as per India's official trade data. In October this year, Washington eased sanctions on Venezuela's oil sector, authorising oil exports without limitation for six months. Venezuela, a member of the Organization of the Petroleum Exporting Countries (OPEC), has the largest proven oil reserves in the world. It has reportedly been offering steep discounts to Chinese independent refiners, who have been its biggest buyers of oil through the sanctions. However, recent reports suggest the discounts have narrowed considerably in recent weeks due to the easing of sanctions and other buyers now willing to pick up Venezuelan oil. Caracas appears eager to sell its crude in other major markets and is likely offering discounts to willing buyers. Venezuela was India's fifth largest oil supplier in 2019, but imports stopped after U.S. sanctions. With the easing of sanctions, private refiners like Reliance are to re-commence imports. India has said it will buy wherever there are discounts. Industry watchers believe that with India resuming oil imports from Venezuela, imports by Chinese refiners could be adversely impacted.

**Samsung Electronics Co., Ltd. (Samsung)** – Samsung has announced its showcase of a model home with a Smart Home Energy Management System (SHEMS), supported by an energy efficient residential community development near Stockholm, Sweden. Samsung takes a part in this project with a smart homes innovator ABB Ltd. (ABB), solar technology company SMA Solar Technology AG and a real estate company S. Property. Samsung will not only supply its appliances, but also provide its unique solution, SmartThings Energy for users to control their energy use in consolidated way. Samsung will supply its appliances, including refrigerators, ovens, dishwashers, washers and dryers, that will all sync to SmartThings Energy to control, monitor and save energy. Together with photovoltaics energy production & energy storage system which is currently under development by real estate company

S. Property Group, each home will aim to maximize energy efficiency. Furthermore, building on its partnership with ABB in 2022, Samsung will integrate with ABB's automation solution. As a result, the homes which are part of the pilot will be capable of connecting appliances and devices to a centralized system that automatically saves energy, time and cost. With just a few simple clicks on the SmartThings mobile application, homeowners will have access and control over the energy consumption within their homes. Samsung has worked to develop Net Zero environments. Moving forward, Samsung plans to create additional turnkey smart home solutions with the goal of applying and expanding them in countries around the world.

**Altice USA, Inc. (Altice)** - Altice continues to revamp its leadership structure, this time announcing executive appointments for its newly created Consumer and Business Services divisions. Michael Parker, who is joining Optimum from Comcast, will head the Business Services unit and be responsible for all aspects of Altice's business-to-business business. His purview includes oversight of sales operations and marketing as well as acquisition and customer base management activities. Parker spent over two decades at Comcast Corporation (Comcast), most recently serving as regional senior vice president of the company's Beltway Region. David Williams, whom Altice hired earlier this year as chief revenue officer, is now executive vice president (EVP) and president of the Consumer Services division, which is focused on Optimum's residential business. In addition to managing sales operations, marketing, acquisition and customer base management, Williams will also oversee Optimum's regional Market Structure. This fall, Altice established a new regional leadership team with each exec overseeing a different portion of the Optimum footprint. Like Parker, Williams is a Comcast veteran and he spent more than 20 years holding various sales and marketing leadership roles there. Finally, Altice announced Chief Growth Officer Leroy Williams has been promoted to EVP, Chief Growth and Innovation Officer. In his role, he will focus on expanding the profit and loss and strategic management of both Optimum's consumer and business offerings, as well as assess opportunities for expansion and new business opportunities. Prior to joining Altice this year, Williams was chief product officer for Samsung America's mobile division.

**Amazon.com, Inc. (Amazon)** - Amazon is launching an artificial intelligence (AI) -powered chatbot for Amazon Web Services (AWS) customers called Q. Unveiled during the re:Invent conference last week, Q will start at US\$30 per user per year and can answer questions such as "how do I build a web application using AWS?" The chatbot is trained on 17 years' worth of AWS knowledge and will offer a list of potential solutions to each query along with reasons you might consider its proposals. "You can easily chat, generate content and take actions [with Q]," Adam Selipsky, AWS chief executive officer (CEO) said. "It's all informed by an understanding of your systems, your data repositories and your operations." Customers configure Q by connecting it with organization-specific apps and software like Salesforce, Gmail, and Amazon Simple Storage Service storage instances. Q indexes all connected data and content, absorbing aspects about a business including its organizational structures, core concepts, and product names.

**Amazon** has purchased three Falcon 9 launches from SpaceX to support deployment of its Project Kuiper mega-constellation. The three missions are targeted to lift off starting in mid-2025, and more broadly, Kuiper is planning a constellation of 3,236 satellites in low orbit of which the U.S. Federal Communications Commission required Amazon to deploy

at least of half of that amount by 2026. The company has purchased much of the launch capacity through the middle of the decade, securing up to 83 launches from Arianespace SA, Blue Origin Enterprises, L.P. and United Launch Alliance, LLC last year. TechCrunch notes that this comes after there was some controversy when Amazon did not initially shortlist SpaceX as a provider in July 2020 when management informed its audit committee that the company was in talks with the other launch providers.

**Berkshire Hathaway Inc. (Berkshire)** – Warren Buffett's trusted confidante Charlie Munger died at age 99, leaving a void at Berkshire that investors said would be impossible to fill despite the conglomerate's well-established succession plan. Berkshire said Munger died peacefully at a hospital in California, where he lived. No cause was given. Munger would have turned 100 on January 1, 2024. "Berkshire could not have been built to its present status without Charlie's inspiration, wisdom and participation," Buffett, Berkshire's 93-year-old chairman and chief executive, said in a statement. The death of Munger, a Berkshire vice chairman since 1978, marks an end of an era in corporate America and investing. Alongside Buffett, Munger was respected and adored by investors around the world, many of whom flocked to Berkshire's annual shareholder weekends in Omaha, Nebraska, to hear the duo's folksy wisdom on investing and life. Though Munger was not involved in Berkshire's day-to-day operations, his death leaves Buffett without his longtime sounding board. Investors also said that while Berkshire has installed managers it could trust to keep the company going, Munger's loss would be deeply felt, and it prompted an outpouring of sorrow.

**Brookfield Asset Management Ltd. (Brookfield)** – Together with its listed affiliate Brookfield Renewable Partners (Brookfield Renewable), Brookfield acknowledges the announcement by Origin Energy Limited (Origin) of the result of Origin's shareholder vote in respect of the previously announced Scheme of Arrangement with Brookfield, its institutional investors, and EIG Partners. Origin's shareholders voted 69% in favor of the transaction, which was short of the required 75% approval level required. In light of the result of the vote, Brookfield will evaluate its next steps, if any, with respect to Origin, given the strong level of Origin shareholder support for its proposal and taking into account the potential impact to Origin of the Australian Government's recently announced proposed expansion to its Capacity Investment Scheme and National Energy Transformation Partnership. "We are seeing plentiful opportunities to deploy capital at or above our target returns, as demand for clean power from corporations continues to accelerate and access to capital is becoming increasingly scarce for some market participants. We remain confident that we will deploy at least US\$7 to \$8 billion of equity capital into growth over the next five years, consistent with our targets," said Connor Teskey, CEO Brookfield Renewable. "Specifically, our plan to accelerate the transition of Origin has generated significant interest from similar businesses around the world, who are seeking a capital and operating partner to enhance the value of their businesses by accelerating their transition."

**Brookfield** announced the closing of its flagship global infrastructure equity fund, Brookfield Infrastructure Fund V (BIF V), having raised US\$30 billion for the strategy, including \$28 billion for the Fund and approximately \$2 billion in related co-investment vehicles. BIF V is the world's largest closed-ended private infrastructure fund, and the largest fund ever raised by Brookfield. BIF V benefitted from strong investor support, with a diverse group of approximately 200 limited partners committing to the Fund. The fundraising exceeded Brookfield's target of \$25 billion and BIF V is 40% larger than its predecessor vehicle, BIF IV.

**Portland Private Income LP is an investor in both BIF IV and V.** The majority of the capital has been raised from existing investors, including public and private pension plans, sovereign wealth funds, financial institutions, endowments, foundations and family offices. Sam Pollock, CEO of Brookfield's Infrastructure Group, said: "We are pleased with the strong endorsement of our business by our investors, which we believe is a function of our market-leading position in the infrastructure sector. With significant momentum in the sector as a result of multi-decade investment themes, we look forward to deploying the Fund's remaining capital and creating long-term value for our investors." BIF V is expected to benefit from significant investment opportunities related to the "Three Ds" of digitalization, decarbonization, and deglobalization. These multi-decade themes underpin BIF V's investment strategy of investing in high-quality assets that are critical to the global economy and creating sustainable value through an active asset management approach. The Fund has already deployed approximately 40% of its capital in six investments, including marquee investments in renewable, transport, data center and telecom tower assets.

At 2023 United Nations Climate Change Conference (COP28), Brookfield Asset Management and ALTERRA, the world's largest private markets climate vehicle launched at the World Climate Action Summit, announced the creation of a multi-billion dollar Catalytic Transition Fund (CTF) with commitments from ALTERRA Transformation. ALTERRA also committed to investing US\$2 billion from ALTERRA Acceleration into the second Brookfield Global Transition Fund (BGTF II), Brookfield's flagship fund focused on the energy transition. CTF will have a differentiated and focused mandate, raising and then deploying capital exclusively for emerging and developing markets, with a dedicated focus on supporting the four key pillars that underpin COP28's Action Agenda, namely: Energy Transition, Industrial Decarbonization, Sustainable Living and Climate Technologies. The Fund will be managed by Brookfield and will receive up to US\$1 billion in catalytic capital from ALTERRA Transformation, to enhance the risk-adjusted returns available to commercially-oriented investors. Brookfield is concurrently pursuing opportunities to add further catalytic capital from strategic partners. CTF will focus on decarbonization initiatives, with an innovative structure that leverages ALTERRA's financial commitment to attract private sector investment at scale. Through this unique approach, the Fund will mobilize climate finance for markets that are critical to achieving Net-Zero, but which have to date been chronically underinvested. The Fund will focus its catalytic investments in South and Southeast Asia, Asia-Pacific, Central Asia, Eastern Europe, Latin America, and the Middle East. Other investors including Caisse de dépôt et placement du Québec, a global investment group based in Québec, Canada, and Temasek Holdings (Private) Limited, a Singapore headquartered global investment firm, have also expressed interest in contributing commercial capital to the Fund, subject to their customary approval requirements. The potential participation of these institutions offers the opportunity to share expertise and market knowledge to benefit the Fund's investments. In line with its typical approach of aligning interests with its investment partners, Brookfield will commit at least 10% of CTF's capital. ALTERRA represents a vital lever in further deepening the United Arab Emirates (UAE)'s longstanding commitment to climate action globally, through partnerships and collective action. Taken together, the commitments from ALTERRA to CTF and BGTF II will support the deployment of over \$20 billion toward decarbonization initiatives. Speaking about the partnership, His Excellency Majid Al Suwaidi, Director General of COP28 and Incoming CEO, ALTERRA, said, "ALTERRA's goal is to mobilize \$250 billion in capital by 2030 and stimulate a new climate economy

in emerging and developing markets that achieve both climate and commercial outcomes. The partnership with Brookfield is a powerful demonstration of the UAE's commitment to meaningful climate action and represents our wider ambition to fundamentally strengthen global climate finance." Mark Carney, Chair and Head of Transition Investing at Brookfield, said, "The UAE is demonstrating bold leadership in tackling the challenge of raising transition finance for emerging markets and developing economies. The CTF is an innovative private sector solution to this imperative which combines institutional capital and Brookfield's decades of experience in renewable power and transition investing. The UAE's substantial commitments to our transition investing platform will greatly accelerate progress towards Brookfield's Net Zero emissions target while supporting vital clean growth initiatives across the globe." Brookfield is already pursuing investment opportunities, with immediate capital investment earmarked for the development of over 6.0 gigawatts of new clean energy capacity in India. This includes the near-term construction of 1,200 megawatts of wind and solar projects set to generate clean power by 2025. Brookfield will seek to bring on board other institutional partners in 2024.

**D.R. Horton, Inc. (D.R. Horton)** – Forestar Group Inc. (Forestar), a leading national residential lot developer, announced the retirement of Daniel (Dan) C. Bartok and the appointment of Anthony (Andy) W. Oxley as President and CEO, effective January 1, 2024. Oxley will join the company from D.R. Horton, where he currently serves as Senior Vice President – Business Development. Bartok will support Forestar in a consulting role for an extended period to ensure a seamless transition. Andy Oxley has held various roles over his 25-year tenure at D.R. Horton and has been active in all aspects of land acquisition, land development, homebuilding and day-to-day division operations. He has served as Division President in several large markets including Atlanta and Nashville, and his corporate responsibilities over the past decade include serving as Regional Operations Manager, National Director of Real Estate Owned Acquisitions and Regional Acquisitions Manager. In Oxley's current role as D.R. Horton's Senior Vice President – Business Development, he oversees all mergers and acquisitions activity and new market opportunities for start-up divisions, in addition to being integrally involved in D.R. Horton's relationships in strategic land banking and land development. Oxley is also responsible for D.R. Horton's property, technology and innovation investments. Oxley holds a Bachelor's degree from the University of Northern Iowa and a Juris Doctorate from Emory University. Prior to joining D.R. Horton in 1998, he was a partner in the law firm of Hyatt & Stubblefield, P.C. in Atlanta.

## DIVIDEND PAYERS



GO TO  
PORTLAND GLOBAL  
ALTERNATIVE FUND<sup>1</sup>



GO TO  
PORTLAND GLOBAL  
ARISTOCRATS  
PLUS FUND<sup>1</sup>



GO TO  
PORTLAND GLOBAL  
BALANCED FUND<sup>1</sup>

**Bank of Montreal** reported the fourth quarter of 2023 adjusted earnings per share (EPS) of CA\$2.81 versus consensus \$2.85. The miss was explained by higher expenses (-\$0.19) and taxes (-\$0.06), offset by better than expected revenue (+\$0.04). Consolidated pre-tax, pre-

provision (PTPP) of \$3.2 billion. Canadian Personal and Commercial (P&C) adjusted PTPP growth was 13% year over year. Net interest Margin was flat quarter over quarter. Segment loan growth was 6% year over year (+2% quarter over quarter), led by cards up 20% year over year (+5% quarter over quarter). Mortgage growth was 7% year over year (+2% quarter over quarter) and commercial loans were up 5% year over year (+1% quarter over quarter). U.S. P&C reports 18% year over year adj. PTPP growth (US Dollars basis) with Bank of the West acquisition. Net interest margin was up 7 basis points quarter over quarter. Average loans were flat quarter over quarter, with average deposits also flat quarter over quarter. Capital Markets adjusted net income up 36% year over year (PTPP up 39% year over year). Wealth adjusted net income down 12% year over year. This figure included a 3% decline year over year in Traditional Wealth earnings and Insurance earnings decline of 36% year over year. Core Equity Tier1 capital ratio of 12.5%, up 20 basis points from 12.3% last quarter. The increase was driven by internal capital generation (+21 basis points), Dividend Reinvestment Plan (DRIP) (+11 basis points), offset by Risk Weighted Asset (-1 basis point), acquisition items (-11 basis points) and other items (-5 basis points). Provisions for Credit Losses (PCLs). Total PCL of \$446 million versus consensus forecast of a PCL of \$511 million. 27 basis points PCL ratio (versus 16 basis points at the fourth quarter of 2022 and 30 basis points at the third quarter of 2023).

**The Bank of Nova Scotia** reported the fourth quarter of 2023 core cash EPS of CA\$1.26 versus consensus of \$1.65. The miss was tied mainly to higher Provisions for Credit Losses (-23 cents), lower revenues (-22 cents) and higher expenses (-8 cents), offset by a lower tax rate (+10 cents). Consolidated PTPP of \$3.22 billion. Canadian P&C adjusted PTPP growth of 4% year over year. Net Interest Margins were up 12 basis points quarter over quarter. PCL ratio of 63 basis points was up 36 basis points quarter over quarter, due mainly to performing provision additions. Average loan growth was flat year over year (down 1% quarter over quarter), with an increase in commercial loans (+11% year over year, +3% quarter over quarter) offset by a decline in mortgage loans (down 4% year over year and down 2% quarter over quarter). Cards balances were up 18% year over year (up 5% quarter over quarter). International Banking adjusted PTPP up 2% year over year (constant foreign exchange). PCL ratio of 119 basis points was up 1 basis point quarter over quarter. NIMs increased 8 basis points quarter over quarter to 4.18%. Loan growth of 2% year over year (down 1% quarter over quarter) was driven by mortgages up 7% year over year (+1% quarter over quarter), commercial down 1% year over year (down 2% quarter over quarter). Card balances were up 6% year over year and +1% quarter over quarter. Capital Markets PTPP down 13% year over year and Global Wealth earnings down 10% year over year (PTPP down 9% year over year). Asset Under Management was up 2% year over year and Assets Under Administration was up 5% year over year, primarily driven by market appreciation. Core Equity Tier 1 capital ratio of 13%. Core Equity Tier 1 ratio was up ~30 basis points versus the third quarter of 2023Q3 and was driven by organic capital generation (+5 basis points), lower risk-weighted asset (+14 basis points), share issuances through DRIP (+11 basis points), sale of investment in Canadian Tire Financial Services (+16 basis points), offset by restructuring and other items (-20 basis points). In the first quarter of 2024, the Bank of Nova Scotia expects a negative impact of ~75 basis points to its Core Equity Tier 1 ratio from a higher Basel 3 Output Floor and the Fundamental Review of the Trading Book. PCLs of \$1,256 million versus consensus of \$890 million. The Bank of Nova Scotia added \$454 million to its

performing provisions, >90% of this amount was in the Canadian bank, primarily in retail portfolios.

**Canadian Imperial Bank of Commerce (CIBC)** reported the fourth quarter of 2023 core cash EPS of CA\$1.57 versus consensus \$1.53. CIBC's adjusted results include a \$114 million severance charge (-\$0.10) offset by a pension plan amendment gain (+\$0.06). Consolidated Highlights. PTPP of \$2.4 billion versus estimate of \$2.5 billion. All-bank Net Interest Margin (excluding trading) was flat quarter over quarter. Canadian P&C PTPP up 16% year over year. NIM was flat quarter over quarter. Loans were up 2% year over year (+1% quarter over quarter) led by commercial growth of 4% year over year (+1% quarter over quarter). Credit card balances were up 14% year over year (+4% quarter over quarter). U.S. Commercial Banking and Wealth Management's adjusted PTPP was down 8% year over year (US Dollar basis). NIM down 2 basis points quarter over quarter. Loans were up 3% year over year (down 2% quarter over quarter) and deposits declined 6% year over year (but +3% quarter over quarter). Capital Markets earnings were up 4% year over year (PTPP up 8% year over year). Core Equity Tier 1 capital ratio of 12.4% was up 20 basis points from last quarter. The components of Core Equity Tier 1 movement were internal capital generation (+19 basis points) and DRIP (+11 basis points) offset by risk-weighted asset and other items (-12 basis points). Rather different to peers, CIBC's PCLs of \$541 million were less than consensus PCL of \$614 million.

**Royal Bank of Canada** reported a rise in fourth-quarter profit, as a strong performance in its corporate and investment banking unit offset a hit from bigger loan-default provisions. The bank reported a net income of CA\$4.13 billion, or \$2.90 per share, for the three months ended October 31, compared with \$3.88 billion, or \$2.74 per share, a year earlier. A rebound in dealmaking helped the biggest Canadian bank's capital markets unit. Net income from the business jumped 36% to C\$987 million, helped by strength in corporate and investment banking, the bank said. It, however, built up its PCLs as a darkening economic outlook prompted further caution. PCLs at the bank surged to \$720 million from \$381 million a year earlier. Core Equity Tier 1 capital ratio of 14.5% was up ~40 basis points from last quarter and was higher than our 14.3% forecast. The increase in Core Equity Tier 1 ratio was the result of internal capital generation (+33 basis points), DRIP (+12 basis points), which were offset by Risk Weighted Asset inflation (-1 basis point) and other items (-9 basis points).

**The Toronto-Dominion Bank (TD)** reported a fall in its fourth-quarter profit, as Canada's second-largest lender set aside more rainy-day funds to cover for potential sour loans. The bank's adjusted net income fell to CA\$3.51 billion, or \$1.83 per share, for the three months ended October 31, from \$4.07 billion, or \$2.18 per share, a year earlier. TD's PCL rose to \$878 million in the quarter, from C\$617 million a year earlier. TD's net interest income - the difference between what banks earn on loans and pay out on deposits - fell nearly 1.8%, to \$7.49 billion. The lender's personal and commercial business posted a 1% decrease in net income, while the U.S. retail unit dipped 17%. Core Equity Tier 1 ratio of 14.4% was down ~80 basis points from the third quarter of 2023. Key factors impacting CET 1 movement were internal capital generation (+27 basis points), offset by buybacks (-57 basis points) and Risk Weighted Asset inflation (-33 basis points) and other items including acquisition and restructuring-related impacts (-18 basis points).

 LIFE SCIENCES



**Amgen Inc. (Amgen)** – Amgen announced that the company is expanding its work with AWS to create generative AI-based solutions to help discover, develop, and increase the manufacturing throughput of medicines for patients suffering from serious illnesses. Amgen will also use AWS's reliable global infrastructure and advanced services to power its new digital data and analytics platform to increase operational efficiency and sustainability at its new state-of-the-art advanced assembly and final product packaging facility for medicines, which will open next year in the greater Columbus, Ohio, area. The new facility will feature the latest digital and robotic technology, including the implementation of a connected digital platform on AWS using Amazon SageMaker, a fully managed service to build, train, and deploy machine learning (ML) models, to collect and analyze manufacturing data points daily. The platform will help reduce operator intervention and improve ergonomic safety of manual activity by using AI, sensors, and machine vision systems in the packaging lines. Together, the companies are experimenting with generative AI and ML technology as they develop solutions across research and development—for example, for clinical trial innovation. The companies are also exploring solutions for operations and commercial lines of business using Amazon Bedrock, a service that makes multiple foundation models available via an API, and Amazon SageMaker JumpStart, an ML hub with foundation models, built-in algorithms, and pre-built ML solutions.

**Clarity Pharmaceuticals Ltd (Clarity)** – Clarity announced the successful completion of the first stage of cohort 3 of the Phase I/IIa theranostic trial, SECURE, evaluating 64Cu/67Cu-SAR-bisPSMA in patients with mCRPC (metastatic castrate resistant prostate cancer) where 3 participants have been treated at the highest dose level of 12GBq of 67Cu-SAR-bisPSMA. No adverse events were reported in relation to 64Cu-SAR-bisPSMA. Only 1 adverse event was reported and related to the 12GBq cycle of 67Cu-SAR-bisPSMA in 1 of the 3 participants, which was a grade 1 decrease in neutrophil count, and the patient has fully recovered. No ongoing adverse events and no Dose Limiting Toxicity (DLTs) have been reported and the Safety Review Committee (SRC) has recommended the trial progresses with the 3 additional participants as planned in cohort 3. The SECURE trial is a Phase I/IIa theranostic trial for identification and treatment of Prostate-Specific Membrane Antigen (PSMA) expressing mCRPC using 64Cu/67Cu-SAR-bisPSMA. 64Cu-SAR-bisPSMA is used to visualize PSMA expressing lesions and select candidates for subsequent 67Cu-SAR-bisPSMA therapy. The trial is a multi-center, single arm, dose escalation trial with a cohort expansion involving up to 44 patients in the US. The aim of the trial is to determine the safety and efficacy of 67Cu-SAR-bisPSMA for the treatment of prostate cancer. Cohort 3 of the trial has a 3+3 study design with the intent to gather and analyze data from the first 3 participants before progressing with an additional 3 participants. The initial data is very encouraging with no DLTs observed at the highest dose of 67Cu-SAR-bisPSMA (12GBq) and the SRC, responsible for assessing safety of participants and overseeing the

general progress of the trial, has assessed the data and recommended the trial continues.

Clarity has officially commenced its registrational Phase III trial, CLARIFY (NCT06056830), involving the diagnostic agent 64Cu-SAR-bisPSMA in prostate cancer. The initiation of the first clinical site at the Urology Cancer Center / XCancer in Omaha, NE, marks a significant milestone for the trial. The primary objective of the CLARIFY study is to evaluate the diagnostic efficacy of 64Cu-SAR-bisPSMA in identifying regional nodal metastasis in individuals with high-risk prostate cancer before undergoing radical prostatectomy. The trial aims to enroll 383 participants across multiple clinical sites in the United States and Australia, reinforcing Clarity's commitment to advancing cancer treatment through innovative diagnostic solutions.

**Guardant Health, Inc. (Guardant)** – Guardant has entered into a collaboration with Cancer Research UK along with its innovation unit, Cancer Research Horizons. The collaboration aims to explore opportunities for sharing technologies, data, and insights to advance the development and precision of cancer detection and treatment. This partnership will particularly focus on supporting Cancer Research UK's research and clinical development initiatives, emphasizing its clinical trials conducted by the Centre for Drug Development. Notably, the collaboration includes the DETERMINE trial, the first UK national precision medicine trial in rare cancers, and other research collaborations undertaken by Cancer Research UK and Cancer Research Horizons. Potential collaboration activities may extend to sharing data and samples from Cancer Research UK-funded research networks to enhance and validate Guardant's technologies. The collaboration also seeks to explore projects aimed at expediting the discovery and development of cancer drugs and diagnostics.

**Telix Pharmaceuticals Limited (Telix)** – Telix announced that the first patient has been dosed in a named patient (early access) program in the Netherlands for its investigational positron emission tomography (PET) imaging agent TLX250-CDx (89Zr-DFO-girentuximab) in clear cell renal cell carcinoma (ccRCC), the most common and aggressive form of kidney cancer. Through this named patient program in the Netherlands ('Leveren op Artsenverklaring'), physicians may seek individual access to TLX250-CDx for use in PET characterisation of renal masses as ccRCC. The first patient was dosed at Radboud University Medical Centre in Nijmegen, Netherlands. The program follows the completion of Telix's successful global Phase III ZIRCON study, which reported positive results in November 2022, meeting all co-primary and secondary endpoints. Telix is progressing towards a Biologics License Application submission for TLX250-CDx with the U.S. Food and Drug Administration) and other equivalent applications with regulatory agencies in key commercial jurisdictions.

 NUCLEAR ENERGY

**Cameco Corporation (Cameco)** – Cameco announced the appointment of Catherine Gignac as the new chair of Cameco's board of directors, effective from December 1, 2023. Gignac succeeds the late Ian Bruce, who had served as the board chair since May 2018 and passed away on October 15, 2023. Gignac, a member of Cameco's board since 2014, expressed her honor at assuming the role and leading the board and management team during a pivotal period for the company within the thriving nuclear energy industry. Gignac, with over 30 years of experience in capital markets and the mining industry,

previously worked as a geologist and brings expertise in project value and investment analysis to her new position. Additionally, she currently chairs the nominating, corporate governance, and risk committee and serves on the audit and finance and technical committees.

**ITM Power Plc (ITM)** – ITM released a trading update ahead of its anticipated interim results scheduled for January 31, 2024. The company reports unaudited financial results for the six months ending October 31, 2023, indicating a revenue of £7.5 million, demonstrating a positive trajectory towards the full-year guidance of £10-18 million. The adjusted earnings before interest, taxes, depreciation, and amortization loss is reported to be between £22-23.5 million, aligning favorably with the lower end of the full-year guidance range of £45-55 million. Notably, the net cash position at the conclusion of the first half of the year stands at £253.7 million, surpassing the full-year guidance of £175-200 million. Despite a net cash outflow of £28.8 million in the first half year, this is attributed to the early effects of substantial progress against the 12-month plan in the first half year. With a robust performance, ITM reaffirms its full-year guidance.



## ECONOMIC CONDITIONS

**Canadian employment** registered a 25,000 increase in November, above consensus expectations for a 14,000 increase. Meanwhile, the participation rate remained unchanged at 65.6% but the unemployment rate increased one tick to 5.8%, in line with consensus expectations. The increase in employment stemmed exclusively from full-time jobs (+60,000), while part-time positions were down (-35,000). Employment in both the private sector (+38,000) and the public (+12,000) sector was up in the month. Self-employment, meanwhile, was down (-25,000). November's job increase came from the goods sector (+38,000), while employment in services (-13,000) was down. On the goods side, the increase stemmed mainly from the manufacturing (+28,000) and construction (+16,000) sectors, while employment in utilities was little changed (+2,000). Employment in agriculture (-4,000) and forestry/fishing/mining (-5,000), meanwhile, was down. On the services side, the largest decreases were registered in trade (-27,000) and finance/insurance (-18,000). These declines were partially offset by gains in health care (+12,000), transportation/warehousing (+9,000) and business services (+6,000) sectors. Regionally, there were job gains in British Columbia (+9,000), Alberta (+9,000) and Ontario (+7,000), while employment was down in Québec (-2,000). Wage inflation was 5.0% on a year-over-year basis in November (unchanged from October). The current situation appears that, in a highly restrictive monetary policy environment, the economy continues to fail to generate enough jobs to keep pace with population growth. Immigrants seem to be particularly afflicted in the current context as Statistics Canada found it worth noting in its press release that "most immigrants who had arrived in the previous five years faced challenges finding work related to their post-secondary credentials or work experience acquired abroad". But the weakness is not limited to newcomers, as layoffs are on the increase. The Canadian Federation of Independent Business data published in November shows weak domestic demand is now the main concern for business owners, overtaking the shortages of skilled labour for the first time since March 2021. Job vacancy data corroborates this reversal, posting their biggest decline on record (since 2015) in the third quarter, not a surprising development, given the downward trend in profits and investment. After two months of data in the fourth quarter, hours worked contracted for the first time since the second quarter of 2020, when the economy was shut down at the start of the pandemic.

**Statistics Canada released its gross domestic product (GDP) estimate** for the third quarter of 2023. The economy contracted at an annualized rate of 1.1%, significantly below the consensus estimate calling for a 0.1% increase. The previous quarter's result, meanwhile, was revised up from -0.2% to 1.4%, which means that Canada is avoiding a technical recession (often defined as two consecutive quarterly declines) for the time being. Domestic demand continued to grow in the third quarter (+1.3%), as government consumption (+7.3%) and residential investments (+8.3%) posted strong gains. On the other hand, non-residential structures investment (-7.7%) and investment in machinery and equipment (-14.4%) posted sharp declines. The largest component of GDP, household consumption expenditures (+0.1%) was essentially flat for a second consecutive quarter. Trade had a negative impact on GDP, with exports (-5.1%) decreasing while imports retreated more modestly (-0.6%). Inventory depletion accelerated in the quarter, resulting in a negative contribution of 1.0% to GDP. Nominal GDP grew by 6.4% on an annualized basis following a 3.1% increase in the second quarter of 2023. Also in nominal terms, disposable income jumped an annualized 4.1% following a 3.5% increase in the first quarter. Consumption, meanwhile, rose 3.2% annually. As a result, the savings rate increased from 4.7% to 5.1%, remaining above its pre-pandemic level (2.8%). Industry data showed that output increased 0.1% in September. Goods were up 0.3% while services were flat. According to the Conference Board of Canada, consumer confidence in the fourth quarter was even lower than at the start of the pandemic and during the 2008-2009 financial crisis. There is therefore a significant risk that consumption will weaken further, especially given that the interest rate hikes announced so far have not yet had their full impact on the economy. According to National Bank analysts' calculations, about 42% of the impact of the rate hikes has yet to be felt in terms of consumption.

**The U.S. economy** registered a stronger than expected expansion in the third quarter, as suggested by the first revision to national accounts for the same quarter. GDP growth was penciled in at 5.2% quarter over quarter, up from its initial estimate at 4.9%. This time around, however, the driver to the upside was not the resilient U.S. consumer where spending was actually pared down to 3.6% from 4.0% quarter over quarter (mostly reflecting weaker services outlays). The main drivers behind firmer GDP growth were nonresidential fixed investment (structures investment rose a firmer 6.9% quarter over quarter to an annual rate versus the 1.6% gain that was initially reported), and residential investment which was also revised higher to 6.2% from 3.9% initially. Also, government outlays advanced at a much stronger than initially reported 5.5% quarter over quarter pace (versus 4.6% before).

**U.S. nominal personal income** increased 0.2% in October, a result in line with the median economist forecast. The wage/salary component showed just a 0.1% gain, the smallest in 10 months, whereas income derived from government transfers edged down 0.1%. Personal current taxes, meanwhile, fell 0.2%. All this translated into a 0.3% increase in disposable income. Nominal **personal spending**, for its part, rose a consensus-matching 0.2% in the month. Outlays on goods retraced 0.2%, but this was more than offset by a 0.4% gain in the services segment. As disposable income grew at a slightly stronger pace than spending, the savings rate inched up to 3.8%, which remains far below the levels observed before the pandemic (between 6.5% and 8.5%). Adjusted for inflation, **disposable income** progressed 0.3% - marking the steepest increase in five months for this indicator - whereas spending rose 0.2% on gains for both goods (+0.1%) and services (+0.2%). Within goods, the largest contributors were gasoline and other energy goods. The progression in services outlays, meanwhile, was led



by international travel, health care and food services/accommodations. Still in October, the headline **Personal Consumption Expenditures deflator** came in at 3.0%, four ticks less than in the prior month and below consensus expectations calling for a 3.1% result. It was also the lowest print recorded in 31 months. The core measure, for its part, cooled from 3.7% to a 30-month low of 3.5%. On a monthly basis, the headline index was unchanged, while the gauge excluding food and energy rose 0.2%.

**The U.S. manufacturing slump** persisted in November with the Institute for Supply Management manufacturing index unchanged at 46.7, despite expectations for a slight improvement. Manufacturing activity has now contracted for 13 consecutive months as it buckles under the weight of high interest rates and fading demand. The current streak of sub-50 readings, which indicates contraction, is the longest since the dot-com bubble burst. The new orders sub-index improved to 48.3 but orders have contracted for 15 months, the longest stretch since 1981-82 when the Federal Reserve Board last raised interest rates aggressively. The drop in new orders pushed the production component into contraction territory after three consecutive months of expansion. Weaker demand allowed goods producers to speed up delivery times and clear backlogs with the latter's sub-index dropping nearly three points to 39.3. The prices paid sub-index jumped nearly five points but remains below the break-even level of 50.0, while the employment index slipped one point to 45.8, pointing to a contraction in manufacturing payrolls in November. The manufacturing sector is likely to continue to struggle in a higher-for-longer rate environment with the Fed resolute in its quest to make sure inflation doesn't re-accelerate. Moreover, the imminent slowdown in the U.S. economy—real GDP is forecast to slow sharply to a 1.0% annualized pace in the fourth quarter from 5.2% in the third quarter—after a long period of rapid interest rate hikes will also weigh on the demand for manufactured goods.

**EuroZone inflation surprised sharply to the downside** in November, with the headline rate falling to 2.4% year over year (market: 2.7%). This leaves headline inflation tracking roughly 2.9% for the fourth quarter—quite significantly lower than the European Central Bank (ECB)'s latest forecast of 3.4%. Core also came in much weaker than expected, falling to 3.6% year over year (market: 3.9%). The soft print was underpinned by a sharp slowdown in both core goods and services inflation momentum. The -0.1% month over month decline in core goods prices is in fact one of the weakest November month over month prints on record. Looking ahead, while headline inflation is now quite close to the ECB's target, base effects from last year's energy subsidies will drive a large increase in headline inflation in December—likely boosting it by just under a percentage point. That said, this will be just a temporary jump in our view —after December, inflation should continue on its downward path, and likely reach the ECB's target around the end of 2024.

**Australia October inflation posted a steep fall to 4.9% year over year** (consensus: 5.2%, September: 5.6%) as volatile fuel prices had another outsized impact again. Fuel prices only rose 8.6% year over year, much lower than the 19.7% year over year last month as the effect of the reinstatement of the fuel excise tax faded. Encouragingly, ex-volatile items also retreated to 5.1% year over year, down from 5.5% year over year in Sep which showed price pressures as a whole broadly cooled over the month. The Reserve Bank of Australia is likely to welcome this update which boosts the odds of a soft landing scenario and gives the Board greater confidence to keep rates on hold next week and reconvene again in February with more data and updated staff's forecasts to determine if further hikes are warranted.

**Chinese Caixin Purchasing Managers' Index (PMI) Manufacturing index** rose to 50.7 versus 49.6 expected and 49.5 previous. This was contrary to the official PMI release that showed contraction. New orders growth was faster than the post-pandemic trend while new business fell moderately. The overall data, however, continues to point to anemic growth.

**China** has seen a record 8 million borrowers in default across mortgages and business loans easily eclipsing the previous record of 5.7 million back in early 2020.

**Japan unemployment rate** fell from 2.6% to 2.5% in October. **Japan's final manufacturing PMI** was revised higher from 48.1 to 48.3 but still in the contraction territory for the sixth straight month which suggests the Bank of Japan will be extremely slow in normalizing rates despite rate differentials.



## FINANCIAL CONDITIONS

The Reserve Bank of New Zealand left the cash rate on hold for its fourth straight meeting at 5.5% (consensus: 5.5%). Unemployment is at two-year highs, wage growth has likely peaked thanks to strong migration, Reserve Bank of New Zealand inflation expectations 2 years ahead are near two-year lows, and risks to growth are skewed to the downside. However, the Bank remarked on the stronger population growth from immigration which may fan inflation pressures as the Reserve Bank of New Zealand seems determined to stick to the "higher for longer" message.

The U.S. 2 year/10 year treasury spread is now -0.36% and the UK's 2 year/10 year treasury spread is -0.40%. 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 7.07%. Existing U.S. housing inventory is at 3.6 months supply of existing houses as of September 30, 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 13.39 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

**And Finally:** *"People are trying to be smart - all I am trying to do is not to be idiotic, but it's harder than most people think."* ~ Charlie Munger ... RIP

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