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

JANUARY 15, 2023

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COMPANY NEWS

Amazon.com Inc. (Amazon) is using Artificial Intelligence (AI) technology to help customers shop for apparel online. The company is using large language models, generative AI, and machine learning to power four AI-powered features that will help customers find clothing that fits. The AI will augment the shopping experience in four ways: personalized size recommendations, a “Fit Insights” tool for sellers, AI-powered highlights from fit reviews left by other customers and reimagined size charts. The personalized size recommendation system will consider the size relationship between brands’ size systems, the product’s reviews and the customer’s own fit preferences. Information will be combined in real-time to make suggestions of the best-fitting size for a customer and adapts as the customer’s size needs change. Amazon is also using AI to help customers find the styles that fit them best. Fit Review allows Amazon to extract information about the apparel’s fit from the customer reviews, including things like size accuracy, garment fit on specific body areas, and fabric strength.

Amazon is laying off hundreds of employees across its Prime Video and MGM Studios divisions, according to a note circulated by Mike Hopkins, Senior Vice President of Prime Video & Amazon Studios and reported by Consumer News and Business Channel (CNBC). “Throughout the past year, we’ve looked at nearly every aspect of our business with an eye towards improving our ability to deliver even more breakthrough movies, TV shows, and live sports in a personalized, easy to use entertainment experience for our global customers,” Hopkins wrote. “As a result, we’ve

identified opportunities to reduce or discontinue investments in certain areas while increasing our investment and focus on content and product initiatives that deliver the most impact.” On the same day, Amazon’s Twitch livestreaming unit also announced a workforce reduction of 500 jobs. Amazon previously implemented headcount reductions at the end of 2022 and through 2023, eliminating more than 27,000 roles across most parts of the company.

Alphabet Inc. (Google) last week laid off hundreds of employees across multiple divisions, including engineering and services. Affected divisions include voice-activated Google Assistant as part of the knowledge and information product team restructuring, and the Devices and Services PA (DSPA) team that manages Pixel, Nest, and Fitbit hardware. “To best position us for these opportunities, throughout the second half of 2023, a number of our teams made changes to become more efficient and work better, and to align their resources to their biggest product priorities. Some teams are continuing to make these kinds of organizational changes, which include some role eliminations globally,” a Google spokesperson said in a statement. The company also confirmed that Fitbit co-founders James Park and Eric Friedman are leaving as part of this restructuring.

Ares Management Corp. (Ares) – is reportedly nearing the close of what would be the biggest ever direct-lending fund, with more than €20 billion (\$21.9 billion) of firepower, according to people with knowledge of the matter. Los Angeles-based Ares is looking to raise at least €15 billion from investors, said the people, who weren’t authorized to speak publicly. Leverage is expected to be about €5 billion on top of that. Co-heads of European credit Blair Jacobson and Michael Dennis jointly run the strategy. Chief Executive Officer Mike Arougheti said in the firm’s October earnings call that Ares’ new fund, Ares Capital Europe VI, is expected to surpass the total size of its previous fund by early in the second quarter of 2024. That fund had firepower of €15 billion, which included €4 billion of leverage. In Europe, Ares recently provided a direct-lending package of about €1 billion (\$1.3 billion) to support the

merger of two personal insurance businesses in the UK. The firm is also interested in sports deals, and provided £500 million of subordinated debt to Chelsea Football Club last year. The \$1.6 trillion private credit market has expanded rapidly over the past few years as traditional providers of debt for leveraged buyouts — investment banks — became more cautious about lending during a period of interest-rate hikes. While there are larger examples of business development companies (BDCs), or non-traded BDCs that provide direct corporate lending, those are not classified as closed-end private debt funds. Arougheti said earlier that he sees the private credit market doubling to \$3 trillion within five years, with deal sizes getting larger.

Berkshire Hathaway Inc. – on the last day of 2023, Warren Buffett’s Berkshire Hathaway Inc. made a significant addition to its holdings in Occidental Petroleum Corp. The transaction involved the acquisition of 83,858,848 shares, which increased Berkshire Hathaway Inc.’s total share count in Occidental Petroleum Corp to 327,574,652. This trade, executed at a price of US\$59.71 per share, had a notable impact of 1.57% on the portfolio, and it adjusted Berkshire’s overall position in the company to a commanding 34.00%. The recent trade by Warren Buffett has increased Berkshire Hathaway Inc.’s stake in Occidental Petroleum to a significant 6.15% of the portfolio.

Carnival Corporation & plc – Princess Cruises (Princess) announced that Jim Berra – an accomplished cruise industry and hospitality veteran with nearly three decades of brand, marketing, and commerce experience – has joined the organization as chief marketing officer (CMO), reporting directly to Princess Cruises president John Padgett. As CMO, Jim will lead all global marketing facets including integrated marketing strategy formulation, creative development and brand promotion across all channels and geographies to further optimize Princess’ global marketplace position. Berra comes to Princess from Invited (formerly ClubCorp), the largest owner of private membership clubs in the country, where he served as Chief Marketing and Innovation Officer. Prior to Invited, Berra spent six years at Royal Caribbean International as senior vice president and chief marketing officer, overseeing the company’s advertising programs, marketing communications, social media, e-commerce, and customer marketing. A resident of Miami Beach, Florida, Berra holds bachelor’s degrees in economics and philosophy from Northwestern University.

Altice USA Inc. (Altice USA) – Cheddar News owner Altice USA announced it has sold the financial news streaming service to the media company Archetype, which is owned by private equity firm Regent LP. Archetype oversees media brands including Sunset Magazine and Military Times. Cheddar has helped transform the way millennials have accessed television news since its groundbreaking debut broadcast from an iPhone in 2016. Terms of the deal were not officially disclosed, but a person familiar with the matter told CNBC it is structured as a so-called “earn out” deal. Altice USA will collect proceeds in the future if Cheddar meets certain performance targets. Those payments could amount to about US\$50 million based on internal projections, CNBC previously reported. Cheddar, founded in 2016 by Jon Steinberg, was bought by Altice USA in 2019 for \$200 million.

Samsung Electronics Co., Ltd. (Samsung) – On Thursday, the Lee family behind the Samsung conglomerate were the sellers of about US\$2 billion of shares in four Seoul-listed companies, according to people familiar with the matter. Nearly 30 million shares of Samsung, the biggest of the four blocks, were sold at a discount of 1.2% to Wednesday’s

closing price of 73,600 won to raise 2.17 trillion won, according to terms of the deal. That makes it the largest Korean block sale since 2002, based on the amount in local currency, according to data compiled by Bloomberg. The other smaller offerings were in Samsung SDS Co., Samsung C&T Corp. and Samsung Life Insurance Co. KEB Hana Bank was the seller in all of them, the terms show. A member or members of the founding family, whose patriarch Lee Kun-hee died in 2020, are selling to pay the inheritance tax through trusts held by KEB Hana Bank, explained the people said, who asked not to be named as the information is private. In March 2022, the Lee family was also said to be behind the sale of \$1.1 billion in Samsung Electronics shares. The tax bill was more than 12 trillion won at the time. A representative for Samsung declined to comment on the transactions.

Samsung - South Korea unveiled plans by leading firm Samsung to spend more than US\$470 billion establishing the world’s largest chipmaking cluster, joining a global race to safeguard domestic supply. The government on Monday outlined a blueprint involving investment of 622 trillion won (\$471 billion) from the private sector in the years leading up to 2047. They will spend the money to build 13 new chip plants and three research facilities, on top of an existing 21 fabs. Spanning Pyeongtaek to Yongin, the area is expected to be the largest in the world, capable of producing 7.7 million wafers monthly by 2030. The envisioned investment is up sharply from when Seoul first unveiled Samsung’s and SK Hynix Inc. (Hynix)’s plans in 2023. Korea’s government, which works closely with private firms on national imperatives, has been boosting its support for a domestic chip sector that accounts for about 16% of total exports. It’s pledged to protect a linchpin of its economy while grappling with rising global competition. As Japan and Taiwan aggressively invest in their own chip sectors, the Korean government is committing to extending big tax breaks to local chip firms. As part of the two-decade plan, Samsung and Hynix are set to build their most sophisticated chip plants at home. Samsung’s betting big on foundry, or making chips for other firms, as part of a 500 trillion won investment by 2047. Smaller rival Hynix aims to invest 122 trillion won in memory in Yongin over the same period. The government said the region will also house smaller chip design and materials companies. The over-arching ambition is to improve the country’s self-sufficiency in semiconductors, while increasing its market share of global logic chip production to 10% by 2030 from 3% now.



BridgeBio Pharma Inc. (BridgeBio) – has announced positive results from its Phase 3 ATTRIBUTE-CM study of acoramidis for patients with transthyretin amyloid cardiomyopathy (ATTR-CM). The study demonstrated a significant treatment effect on the primary endpoint, including all-cause mortality and cardiovascular-related hospitalization. Acoramidis showed a favorable 30-month survival rate at 85% in an age-matched cohort and a low annualized cardiovascular-related

hospitalization rate. It is the only intervention to show cardiovascular outcomes benefit in a prospective clinical trial in the contemporary ATTR-CM population, to the company's knowledge. Acoramidis was well-tolerated, and BridgeBio has submitted a New Drug Application to the Food and Drug Administration (FDA) with plans for additional regulatory submissions in 2024.

Danaher Corporation (Danaher)- and the Innovative Genomics Institute (IGI) launched a collaborative center to develop gene-editing therapies for rare and other diseases, with a goal of creating a new model for future development of a wide range of genomic medicines. The center, known as the Danaher-IGI Beacon for Clustered Regularly Interspaced Short Palindromic Repeats (CRISPR) Cures, aims to use CRISPR-based gene editing to permanently address hundreds of diseases with a unified research, development and regulatory approach. Jennifer Doudna – Nobel laureate, CRISPR pioneer and founder of the IGI – will oversee work at the center at the IGI headquarters alongside Fyodor Urnov, IGI's Director of Technology and Translation and Director of the new Beacon. Both are professors at the University of California, Berkeley. Danaher, a leading global life sciences and diagnostics innovator, will make available an extensive collection of technologies and solutions for the manufacturing of CRISPR-based therapies, and will also work to develop new technologies and approaches intended to simplify and standardize preclinical and clinical development. The collaboration, which enables a substantial new research program at IGI, is the largest Danaher Beacon to date. The Beacons program funds pioneering academic research with the goal of developing innovative technologies and applications for human health. Focus areas for Beacons include genomic medicines, precision diagnostics, next-generation biomanufacturing, human systems and data sciences.

Lantheus Holdings Inc. (Lantheus) – has released preliminary unaudited financial results for the fiscal year ending December 31, 2023. The company anticipates worldwide revenue for 2023 to be in the range of US\$1.295 - 1.297 billion, showing a significant increase of approximately 38 - 39% from the \$0.935 billion recorded in 2022. The projections exceed the previously issued guidance range of \$1.255 - 1.270 billion. Excluding the RELISTOR sales milestone of \$15 million, the expected revenue for 2023 represents a roughly 37% increase over the previous year. Specific product revenues include an estimated \$851 - 853 million for PYLARIFY, marking a 61 - 62% increase from 2022, and approximately \$279 million for DEFINITY, reflecting a 14% increase from the prior year.

Lantheus has entered into strategic agreements with Perspective Therapeutics Inc. (Perspective), a radiopharmaceutical company specializing in advanced cancer treatment. The agreements include Lantheus obtaining an option to exclusively license Perspective's Pb212-VMT- -NET, a clinical stage alpha therapy for neuroendocrine tumors, and an option to co-develop early-stage therapeutic candidates for prostate cancer. Lantheus will make an upfront payment of \$28 million in cash. Additionally, Lantheus will purchase up to 19.9% of Perspective's common stock for around \$33 million, contingent on a qualified third-party financing transaction. In a separate arrangement, Perspective intends to acquire assets associated with Lantheus' radiopharmaceutical manufacturing facility in Somerset, New Jersey, with the specific price undisclosed.

Lantheus has announced that the FDA has accepted its Abbreviated New Drug Application (ANDA) for Lutetium Lu 177 Dotatate, a generic version of LUTATHERA®. LUTATHERA® is used for treating

somatostatin receptor-positive gastroenteropancreatic neuroendocrine tumors (GEP-NETs) in adults. Lantheus believes it is the first applicant to file a substantially complete ANDA for Lutetium Lu 177 Dotatate with a Paragraph IV certification under the Hatch-Waxman Act. If approved, Lantheus may be eligible for 180 days of generic marketing exclusivity in the U.S.



NUCLEAR ENERGY

Cameco Corporation – and other uranium stocks rallied following a warning from Kazatomprom, the world's largest uranium miner. Kazatomprom indicated that it might miss production targets for up to two years due to shortages of sulfuric acid and construction delays. This announcement reinforces concerns about a potential shortage of uranium amid increasing global demand for nuclear power. Kazatomprom, controlled by Kazakhstan's government through its sovereign wealth fund, stated that these issues could impact production into 2025. Kazatomprom's uranium production represented 22% of primary global supply in 2022.

Silex Systems Limited (Silex) – has announced that the U.S. Department of Energy (DOE) has released a Request for Proposal (RFP) for the acquisition of High Assay Low Enriched Uranium (HALEU), a higher-grade nuclear fuel required for next-generation advanced reactors, including Small Modular Reactors (SMRs). Silex supports bipartisan initiatives in favor of the U.S. nuclear fuel industry and anticipates increased funding opportunities, including the Nuclear Fuel Security Act appropriations. The HALEU RFP was part of a US\$700 million package authorized by the U.S. Congress in August 2022, with \$500 million allocated for commercial HALEU enrichment and deconversion production. Silex expects further funding opportunities, including a \$100 million initiative, to be published later in the year to support innovative fuel technology and aims for an expedited release of all funding opportunities to establish a competitive and diverse U.S. fuel supply chain, reducing reliance on Russian supply.



ECONOMIC CONDITIONS

In Canada, the merchandise trade surplus narrowed in November from a 17-month high of C\$3.20 billion (initially estimated at C\$2.97 billion) to C\$1.57 billion. Economists were expecting it to shrink to only C\$2.00 billion.

U.S. Consumer Price Index (CPI) rose 0.3% in December, more than the median economist forecast calling for a +0.2% print. This followed a +0.1% result the prior month. Prices in the energy segment progressed 0.4% as declines in the fuel oil (-5.5%) and utility gas services (-0.4%) categories were more than offset by gains for electricity (+1.3%) and gasoline (+0.2%). The cost of food, meanwhile, rose 0.2%. The core CPI, which excludes food and energy, rose a consensus-matching 0.3%. Following six straight monthly declines, the cost of core goods stayed flat in December as increases in the used (+0.5%) and new vehicles (+0.3%) segments were offset by declines for medical care commodities (-0.1%) and tobacco/smoking products (-0.1%). The price of alcoholic beverages moved up 0.3%. Price for ex-energy services jumped 0.4%,

supported by strong gains for medical care services (+0.7%) and shelter (+0.5%). The cost of transportation services edged up 0.1%, boosted by motor vehicle insurance (+1.5%) and airline fares (+1.0%). Motor vehicle maintenance (-0.3%) saw its first decline in 21 months. Year on year, headline inflation came in at 3.4%, up from 3.1% the prior month and two ticks above consensus expectations (+3.2%). The 12-month core measure, meanwhile, ticked down to a 31-month low of 3.9%, which was still above the median economist forecast calling for a 3.8% print. The increase in the price of core services ex-shelter, is a measure cited by the Fed as a good indicator of underlying price pressures. On a year-on-year basis, this measure has ceased decreasing and is tracking a 3.9% advance. This is incompatible with the Fed's objective of bringing inflation down to 2% in a sustainable manner.

In the eurozone, the unemployment rate slid one tick in November to an all-time low of 6.4% on declines in both Italy (from 7.7% to 7.5%) and Spain (from 12.0% to 11.9%). In Germany and France, it remained unchanged at 3.1% and 7.3%, respectively.

In China, the 12-month rate of the CPI remained below 0% for a third month in a row in December (from -0.5% to -0.3%), marking the longest deflationary spell since 2009. The core CPI, for its part, remained unchanged at 0.6%. Still on a year-on-year basis, the producer price index went from -3.0% to -2.7%, a result which continues to signal acute factory-gate deflation.

Australian headline CPI in November extending its decline to 4.3% year over year (consensus: 4.4%, October: 4.9%) confirming that price pressures are broadly receding. As expected, the plunge in fuel prices placed a major drag on CPI and electricity inflation was capped thanks to rebates.

Swedish inflation came in a touch stronger than expected in December. Headline CPI (with fixed interest rate) inflation fell sharply from 3.6% in Nov to 2.3% year over year in December (market: 2.2%, Riksbank: 2.1%) while core edged down to 5.3% year over year (market: 5.2%, Riksbank: 5.6%). The upside surprise was in part driven by a slight rise in electricity prices, but strong increases in clothing and furnishing were also key drivers—potentially as large Black Friday sales reversed.

Norwegian inflation surprised slightly to the downside in December, with the headline rate remaining at 4.8% year over year (market & Norges Bank: 4.9%) and core falling to 5.5% year over year (market & Norges Bank: 5.6%). Driving the weak print was in particular a sharp 2% month over month drop in food prices and, more importantly for Norges Bank, softness in the services component. Overall, this data will continue to suggest that there is no need for Norges Bank to hike its policy rate again—especially given the much stronger than expected krone.

The U.S. 30 year mortgage market rate has increased to 6.42%. Existing U.S. housing inventory is at 3.5 months supply of existing houses as of October 31, 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 13.25 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: ***"You can always count on the Americans to do the right thing after they have tried everything else"** ~ Winston Churchill*

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FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.21% and the U.K.'s 2 year/10 year treasury spread is -0.36%. 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.

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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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