APRIL 22, 2024

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OWNER OPERATED COMPANIES

Reliance Industries Limited (Reliance) - Once an underdog dwarfed by foreign competitors, Viacom18 and its JioCinema streaming service are poised to become the most powerful player in the US$28 billion Indian media and entertainment industry. Reliance, Viacom18's largest shareholder, has plans to merge the business with Walt Disney Co.'s India operations, adding dozens of cable TV channels and tens of millions of streaming subscribers in a deal valuing the combined enterprise at $8.5 billion. Uday Shankar, the 61-year-old executive who's going to lead Viacom18 as vice chairman, is a media veteran. Shankar rose to president of 21st Century Fox's Asia business in 2017, overseeing all of the company's operations in the region. By the time Fox sold its assets to Disney two years later, Star India's value had soared to around $15 billion. Disney Chief Executive Officer (CEO) Bob Iger gave Shankar the top job in Asia, leading the launch of its Disney+ streaming service in the region. Shankar felt more comfortable in an entrepreneurial setting and joined James Murdoch, his old boss at Star India, to form Bodhi Tree. They raised $1.5 billion from the Qatar Investment Authority and others to invest in media deals including Viacom18 and an education technology startup. Under Shankar's guidance, JioCinema has been licensing films and TV programing from major Hollywood studios including Warner Bros. Discovery Inc., Comcast Corp.'s NBCUniversal and Paramount Global, which is selling its 13% stake in Viacom18 to Reliance. Disney's lucrative library will be soon onboard with the merger. The new company will have more than 100 TV channels and two streaming services, capturing about 35% of India's total TV viewership and 45% of the premium video-streaming business, excluding YouTube and Facebook. Besides capturing multilanguage submarkets, JioCinema aims to build its business around the cricket experience, starting with selling mobile emoji packs featuring IPL cricket stars. Its content strategy is opposite that of Amazon.com, Inc. and Netflix Inc., which pump out big-budget series in India. Shankar's strategy is to produce inexpensive 30-minute soap operas every day to capture the audience and boost the number of daily active users, a key metric in digital advertising. Eventually, that online viewing will replace traditional TV.

Reliance - offered U.S. oil to other buyers in Asia last week, an unusual move for refiners who rarely seek to resell crude within weeks of buying it. India's biggest private processor tried to sell West Texas Intermediate Midland crude for May loading, according to traders with knowledge of the matter who asked not to be identified as the information is private. Reliance didn't immediately respond to a request for comment. India moved away from some of its more traditional suppliers after the invasion of Ukraine in 2022, taking advantage of cheaper oil from Russia shunned by other buyers. Purchases cooled recently as U.S. toughened sanctions on Moscow and cargoes of Sokol crude, a key grade, were among those left in limbo. India has recently resumed purchases of Sokol, which may have encouraged large buyers like Reliance to sell on more expensive alternatives. U.S. officials said earlier this month they had not expected New Delhi's processors to stop buying Russian petroleum. The traders did not specify whether the reselling of the U.S. oil by Reliance was linked to the resumption of Sokol purchases. It is also still unclear if flows of Russian crude to India will return to last year's record levels. Reliance also attempted to sell cargoes of Murban crude for April-May loading before offering the American oil, the traders said.

Samsung Electronics Co., Ltd. (Samsung) - Executives at all Samsung Group units will work six days a week from as early as this week in a shift to emergency mode. The executives of Samsung, including those in the manufacturing and sales divisions, will work either on Saturday or Sunday following the regular five-day work week, according to

Samsung Group officials. They will review their business strategies and may modify them to adapt to the changing business environment amid mounting geopolitical risks from the prolonged war between Russia and Ukraine and escalating tensions in the Middle East. Top management at Samsung Display Co., Samsung Electro-Mechanics Co. and Samsung SDS Co. will adopt the six-day work week as early as this week. Samsung Life Insurance Co. and other financial services firms under the Samsung Group will likely join them soon. Executives of Samsung C&T Corp., Samsung Heavy Industries Co. and Samsung E&A Co. have already been voluntarily working six days a week since the start of this year. But employees below the executive level across the group will continue to work for five days a week, as the company introduced it in 2003. Samsung's shift to emergency mode comes after SK Group in January reintroduced Saturday gatherings of its subsidiaries' chief executives after it adopted a five-day work week in July 2000. The meeting replaced the once-a-month weekday Strategy Committee Meeting for CEOs of the country's No. 2 business group's units. Petrochemical companies in the country are also tightening their belts to survive the industry's downturn caused by oversupply from Chinese rivals. Other Korean conglomerates are expected to follow suit. The outcome of last week's general elections raises doubts about the feasibility of President Yoon Suk Yeol's business-friendly proposals.

Altice USA, Inc. (Altice) - European private equity firm Ardian is considering a potential offer for a controlling stake in telecom tycoon Patrick Drahi's French fiber company XpFibre, people with knowledge of the matter said. KKR & Co. Inc. (KKR) and Global Infrastructure Partners are also vying for the business, which builds and operates fiber-to-the-home infrastructure in France, the people said. KKR is the most advanced bidder in the process, having started carrying out due diligence on the company earlier this year, the people said. A deal could value XpFibre, which is owned by Drahi's Altice France, at around €6 billion to €7 billion including debt, the people said. XpFibre had about €2.5 billion of net debt as of 2023, according to a September investor presentation. Bloomberg News previously reported that KKR and Macquarie Group Limited were shortlisted in the bidding. Deliberations are ongoing and there's no certainty they will result in a deal, the people said, asking not to be identified because the information is private. Altice France owns 50.01% of XpFibre, while the balance is held by a consortium majority led by OMERS Infrastructure that also includes Allianz Capital Partners and AXA IM Real Assets. The OMERS consortium acquired its 49.99% stake for €1.7 billion in 2019, valuing the unit at €3.4 billion, according to a statement at the time. Representatives for Altice, Ardian, GIP and KKR declined to comment.

Carnival Corporation & plc (Carnival) – announced that Vice Admiral William R. Burke (Ret.), Chief Maritime Officer for the company, has advised that he will be stepping down from the role effective February 1, 2025. At that time, Lars Ljoen, currently Chief Operations Officer for the company's flagship Carnival Cruise Line brand, will be promoted to Chief Maritime Officer of Carnival Corporation & plc, overseeing all aspects of maritime operations for the corporation and its portfolio of world-class cruise lines and reporting to Carnival's Chief Executive Officer Josh Weinstein. Ljoen will also be responsible for strategic destination development and will oversee management of the company's owned and operated ports. A 25-year cruise industry veteran, Ljoen is a trusted leader with a distinguished tenure of achievement in senior-level sea command and shore management roles. As Chief Operations Officer for Carnival Cruise Line, Ljoen oversees all aspects of Carnival's marine operations, including nautical and technical operations, environmental compliance, and safety protocols. He also leads port operations, guest operations, food and beverage services, onboard revenue, entertainment, and crew and travel operations. Prior to Carnival Cruise Line, Ljoen served with Carnival Corporation's Costa Group since 2015, initially as senior vice president and then promoted to executive vice president and managing director in 2016. At Costa Group, which at the time included Costa Cruises and AIDA, Ljoen was responsible for Carnival Maritime, the marine service unit of the group, as well as fleet governance, marine projects, and continuous improvement.

D.R. Horton, Inc. (D.R. Horton) – reported that net income per common share attributable to D.R. Horton for its second fiscal quarter ended March 31, 2024 increased 29% to US$3.52 per diluted share compared to $2.73 per diluted share in the same quarter of fiscal 2023. Net income attributable to D.R. Horton in the second quarter of fiscal 2024 increased 24% to $1.2 billion compared to $942.2 million in the same quarter of fiscal 2023. For the six months ended March 31, 2024, net income per common share attributable to D.R. Horton increased 15% to $6.34 per diluted share compared to $5.50 per diluted share in the same period of fiscal 2023. Net income for the six months ended March 31, 2024 increased 11% to $2.1 billion compared to $1.9 billion in the same period of fiscal 2023. Consolidated revenues in the second quarter of fiscal 2024 increased 14% to $9.1 billion compared to $8.0 billion in the same quarter of fiscal 2023. For the six months ended March 31, 2024, consolidated revenues increased 11% to $16.8 billion compared to $15.2 billion in the same period of fiscal 2023. Donald R. Horton, Chairman of the Board, said, "The D.R. Horton team delivered solid results in the second fiscal quarter of 2024, highlighted by earnings of $3.52 per diluted share. Consolidated pre-tax income increased 23% to $1.5 billion on a 14% increase in revenues to $9.1 billion, with a pre-tax profit margin of 16.8%. Although inflation and mortgage interest rates remain elevated, our net sales orders increased 46% from the first quarter and 14% from the prior year quarter, as the supply of both new and existing homes at affordable price points is still limited, and demographics supporting housing demand continue to be favorable. Based on our performance and position, we are increasing our fiscal 2024 guidance for homes closed and consolidated revenues."

LVMH Moët Hennessy Louis Vuitton (LVMH) – Two of LVMH Chairman and CEO Bernard Arnault's sons and heirs were named to the board of the luxury goods conglomerate, reinforcing the family's hold on the sprawling empire which spans fashion, jewellery and hotels. Shareholders approved the nominations of Alexandre Arnault, 31, and Frederic Arnault, 29, who joined their older siblings, Delphine Arnault, 49 and Antoine Arnault, 46. All five of the chairman's children hold key management roles in the group, including the youngest, Jean Arnault, 25. At the shareholder meeting, shareholders also approved the appointment of French businessman Henri de Castries to the board. Bernard Arnault, 75, has recently reshuffled the top ranks of management at LVMH, but showed no signs of stepping back, saying in January that he didn't intend to leave in the near or medium term. The group raised the age limit for his role to 80 two years ago. A flurry of changes at the upper ranks of management include the promotion of Stephane Bianchi to work alongside Bernard Arnault, overseeing strategic operations of its brands, replacing long-time lieutenant Toni Belloni, who has become president of LVMH Italy. Another long-time deputy, Sidney Toledano, last month stepped down from heading LVMH's fashion group, and now serves as an advisor to Bernard Arnault. He was replaced by another veteran LVMH fashion executive Michael Burke, who ran the group's star label Louis Vuitton for more than a decade.

LVMH's sales slowed in the first quarter as rising prices prompted more shoppers who aspire to own its luxury labels to hold back on splashing out thousands of dollars on handbags and other accessories. Slower sales growth of 3% reflected comparisons with the same quarter in 2023, when sales were boosted by the lifting of COVID-19 curbs in LVMH's key market of China, and comes amid worries about a prolonged global slowdown which has knocked shares in luxury firms over the past year. Sales for the quarter rose to EUR20.69 billion, matching expectations of analysts. On a reported basis, sales at the group were down 2%, largely due to currency effects. LVMH, which is Europe's second-largest listed company and worth nearly EUR400 billion, is the first luxury goods maker to report quarterly earnings, setting the tone as worries grow about demand in China, the world's No. 2 economy. The luxury industry is adjusting to slower demand after a period of stellar sales growth following the COVID-19 pandemic, when shoppers emerged from lockdowns with extra savings and a pent-up desire to treat themselves. Travelling Chinese shoppers are expected to fuel growth, although investors are increasingly nervous about recovery in China itself, where property price falls and unemployment among young people have dampened demand for high-end fashion and leather goods. LVMH chief financial officer Jean-Jacques Guiony said he was "quite happy" with Chinese demand. Purchases of Louis Vuitton products by Chinese buyers globally grew by around 10%, he said, with an increasing proportion outside China as they resume travelling, particularly in Japan and to some extent in Europe. LVMH's fashion and leather goods division, which includes Louis Vuitton and Dior, saw sales climb 2%, matching forecasts. In the U.S., LVMH has seen "continuous strength" from clients at the top end and "very gradual improvement" from aspirational customers, who continue to be impacted by inflation, Mr Guiony said in a call with analysts. It will take time for these customers to adapt to the higher prices implemented by the industry in recent years, he added.

DIVIDEND PAYERS

Johnson & Johnson (J&J): On an adjusted basis, earned US$2.71 per share in the first quarter, compared to analysts' estimates of $2.64. The company reported total revenue of $21.38 billion, compared to estimates of $21.40 billion. J&J now expects adjusted operating profit per share between $10.60 and $10.75 for 2024, compared with its previous forecast of $10.55 to $10.75. The reported quarterly revenue below analysts' estimates as sales from its blockbuster psoriasis drug Stelara, which is expected to face competition from biosimilar versions in some markets later this year, fell short of expectations. Sales of its blockbuster psoriasis drug Stelara were flat at $2.45 billion in the first quarter, while sales of Darzalex jumped about 19% to $2.69 billion. Darzalex is expected to bring in sales of more than $11 billion for J&J this year, according to analysts.

Procter & Gamble Company (P&G): reported third quarter in fiscal year 2024 Core EPS of US$1.52, which compares to Consensus $1.41 and raised its annual core profit forecast on price increases and resilient demand for its cleaning and household products in the United States and Europe. P&G reported overall flat volumes in the third quarter, while the average prices across its product categories rose 3%. The consumer goods giant now expects core earnings to rise between 10% and 11% in fiscal 2024, compared with its prior forecast of 8% to 9% growth. To be sure, though P&G's performance in the U.S. was softer than recent trends due to destocking in Personal Health Care, as we'd expect to hear from others in the category as the earnings season unfolds, everything in China, excluding. SK-II, improved sequentially, the company raised its EPS guidance range including even more reinvestment spending, and did not rule out organic sales growth at the upper end of the range for the year. To us, what is most important, even as P&G continues to face headwinds from specific local market issues across 25% of its sales, is that consumption and market shares remain strong for the company in aggregate.

LIFE SCIENCES

IGM Biosciences, Inc. (IGM) – has announced a refocusing of its collaboration with Sanofi S.A.(Sanofi), with a shift towards immunology/inflammation targets. The exclusive worldwide collaboration agreement will now concentrate solely on creating and developing IgM agonist antibodies for immunology/inflammation, while IGM retains global rights to its proprietary technology related to oncology targets nominated by Sanofi. Fred Schwarzer, CEO of IGM, expressed satisfaction with the collaboration and the generated preclinical data. The terms of the collaboration specify that IGM will lead research and development activities for designated immunology/inflammation targets, with Sanofi assuming responsibility for future development and commercialization after Phase 1 clinical trials.

RadNet Inc. (RadNet) – has successfully closed the refinancing of its senior secured first lien term loan facility and senior secured revolving credit facility. This transaction was executed in accordance with a Third Amended and Restated First Lien Credit and Guaranty Agreement. The agreement includes an US$875 million senior secured first lien term loan and a $282 million senior secured revolving credit facility. The proceeds from the term loans were utilized to refinance existing term loans, cover accrued interest, pay transaction-related fees and expenses, and contribute approximately $168 million to RadNet's balance sheet.

Telix Pharmaceuticals Limited (Telix) – has received Fast Track designation from the Food and Drug Administration for TLX101-CDx, its investigational glioma imaging product. This designation aims to expedite the review process for the product, which is intended for characterizing progressive or recurrent glioma using PET. Telix is finalizing its New Drug Application for TLX101-CDx, aiming to make it commercially available in the U.S., thus improving patient access to this essential imaging agent. The company is collaborating with the University of California, San Francisco (UCSF) to further develop and commercialize TLX101-CDx. Additionally, Telix has partnered with PharmaLogic Holdings Corp. for commercial manufacturing and distribution of TLX101-CDx in the U.S. upon regulatory approval. These developments mark significant progress in Telix's efforts to bring TLX101-CDx to the market and address the unmet needs in glioma diagnosis and management.

Telix – has released its first quarter (Q1) 2024 financial update, reporting an unaudited total revenue of US$114.9 million (AU$175.0 million), marking an 18% increase from the previous quarter. The revenue growth was primarily driven by sales of its prostate cancer imaging product, Illuccix®. In particular, U.S. revenue saw an 18% increase to US$111.8 million compared to the previous quarter. Dr. Christian Behrenbruch, Managing Director and Group CEO of Telix, outlined the company's progress in funding late-stage therapeutic programs, aiming to achieve major milestones in 2024, including drug approval submissions in the U.S. and the international expansion of their Phase III ProstACT GLOBAL therapy trial, pending regulatory approvals.

NUCLEAR ENERGY

Bloom Energy Corp.– has appointed Daniel Berenbaum as its Chief Financial Officer, effective April 29, 2024. Berenbaum brings over three decades of financial and operational experience to the role, having previously served as Executive Vice President and CFO at National Instruments Corporation. His career includes executive finance positions in various high-tech companies such as Micron Technology Inc. and Everspin Technologies Inc., as well as roles on Wall Street as a technology stocks analyst. Berenbaum's extensive background also includes technical and management roles at Applied Materials, Inc. and service as a nuclear-power-trained surface line officer in the U.S. Navy. He succeeds Greg Cameron, who will assist with the transition until mid-May 2024.

BWX Technologies, Inc. (BWXT) – has announced a substantial investment of CA$80 million to expand its manufacturing plant in Cambridge, Ontario. The expansion, estimated at $50 million, will increase the facility's footprint by 25%, totaling 280,000 square feet. This expansion aims to meet the growing demand for clean nuclear energy, including Small Modular Reactors, traditional large-scale nuclear, and advanced reactors, both domestically and globally. Additionally, BWXT plans to invest approximately $30 million in advanced manufacturing equipment over the next few years. This investment will significantly enhance capacity, productivity, and job creation, with over 200 new long-term positions expected to be created for skilled workers, engineers, and support staff in the region.

Cameco Corporation (Cameco) – Westinghouse Electric Company congratulated Energoatom, the state-owned nuclear utility of Ukraine, on the start of AP1000® activities at Khmelnytskyi Unit 5 in Ukraine. This is a critical first step in advancing the commitment made by both companies under the Memorandum of Understanding signed in 2022 for the deployment of nine AP1000 reactors in Ukraine. The news follows the arrival of the first batch of Westinghouse VVER-1000 nuclear fuel for the two operating units at the Khmelnytskyi Nuclear Power Plant in March 2024. The VVER-1000 fuel was manufactured at Westinghouse's fuel fabrication facility in Sweden, which also delivered the first batch of VVER-440 nuclear fuel to Ukraine's Rivne Nuclear Power Plant in September 2023 in a record-setting development program. This milestone strengthens the existing strategic partnership between Westinghouse and Energoatom to supply all VVER nuclear fuel for the country's nuclear fleet. In addition to the deployment of the AP1000 reactor, Westinghouse signed a Memorandum of Understanding with Ukraine in September 2023 for the development and deployment of the AP300™ Small Modular Reactor (SMR). Westinghouse also remains a trusted partner to Energoatom's current operating fleet with the supply of nuclear fuel and plant services.

Constellation Energy Corporation – has applied for a license renewal with the Nuclear Regulatory Commission (NRC) for its Dresden Clean Energy Center in Morris, Illinois. This move is part of the company's efforts to extend the life of the nuclear plant and continue generating clean electricity to support various industries and the growing data economy. The renewal application initiates a thorough review process by the NRC, with the potential to extend the facility's operation for another 20 years, through 2051, pending market or policy support. Currently licensed to operate until 2029 for Unit 2 and 2031 for Unit 3, Dresden plays a significant role in providing baseload, carbon-free electricity to power approximately 1.4 million homes.

ECONOMIC CONDITIONS

Canada Consumer Price Index (CPI) increased 0.63% in March, below consensus expectations for a 0.7% increase (not seasonally adjusted). In seasonally adjusted terms, headline prices were up 0.25 % after a 0.13% increase the prior month. This translated to an annual inflation rate of 2.9%, up from 2.8% in February. Prices increased in 7 of the 8 categories surveyed, namely, in order of magnitude, in clothing/footwear (+1.4%), recreation/reading (+0.6%), shelter (+0.4%), transportation (+0.2%), alcohol/tobacco (+0.2%), health/personal care (+0.1%) and food (+0.1%). Prices in household operation (-0.5%), meanwhile, declined in the month. Annual inflation was above the national average in Québec (+3.6%) and Alberta (+3.5%) and below that mark in British Columbia (+2.7%) and Ontario (+2.6%). Geopolitical tensions and their impact on energy prices are beginning to affect Canadian inflation. The sharp rise in gasoline prices is the main reason for the one-tenth acceleration in annual inflation expected by the consensus of economists. But the bad news on the inflation front stops there. Food prices, which were rising fast not so long ago, barely rose in March and have been stable for three months. For their part, core inflation measures suggest that widespread disinflation continued in March. The Bank of Canada's preferred measures of core inflation show general price weakness, with monthly increases of just one-tenth in March, following similar prints in the previous two months. Over three months, these measures are running at an annualized pace at the lower end of the central bank's target range (CPI median at 1.1%, CPI trim at 1.4%). The CPI, which some believe is the most appropriate measure of the current inflationary episode as it excludes mortgage interest costs, has risen at an annualized rate of just 0.8% over this period.

U.S. Industrial production climbed 0.4% in March, unchanged from the upwardly revised gain in February and spot on with the consensus forecast. Manufacturing output, which is approximately 75% of total output, rose 0.5%, lifted by a 3.1% jump in motor vehicles and parts production. Utilities output rebounded 2.0% following a sharp drop of 7.6% the prior month amid higher electric and gas output. Mining output fell 1.4%, erasing nearly half of the prior 3.0% advance. The solid monthly gain boosted the year-on-year growth rate of total production to flat after two consecutive declines and pushed the capacity utilization rate up two-tenths to 78.4%. Despite the modest increase, the capacity utilization rate is 1.2 percentage points below its long-run average from 1972-2023. Despite the recent improvement, the recovery in the interest-rate sensitive manufacturing sector is expected to remain weak and uneven until the Federal Reserve (the Fed) starts to lower interest rates, likely in July.

U.S. housing starts in March fell 14.7% to 1.32 million - more than forecasted. Construction of single-family units fell 12.4%, marking the biggest drop since April 2021. Meanwhile, volatile multis plunged 21.7%, sinking to the lowest level since the onset of the pandemic. And most regions posted declines—except the West, which managed a 7.1% rise. Meantime, building permits, a good proxy for future home construction, fell 4.3% to 1.46 million annualized. Given persistent inflation pressures that will likely keep the Fed on the sidelines for some time, builders are staying cautious as still-elevated mortgage rates put a lid on housing demand. Housing starts took a deeper-than-expected plunge in March, diving to the lowest level since last August. Although the wider economy is proving to be resilient, the interest-sensitive housing market continues to face headwinds. And, with rates expected to remain higher-for-longer, homebuilding activity will likely stay muted for some time.

U.S. existing home sales fell 4.3% to 4.19 million annualized in March, partially reversing the surprise increase in the prior month. Sales of single-family homes also fell 4.3%, marking the biggest drop since November 2022. Meantime, condos dropped 4.5%, with activity drilling down to the lowest level since the onset of the pandemic. Regionally, sales in the Midwest (-2.1%), West (-7.9%) and South (-6.0%) all saw declines, though the Northeast bucked the general downward trend to climb 5.0%. The median selling price climbed 4.8% year over year (y/y), but that marks the first growth slowdown in six months. The number of homes available for sale jumped 12.8% y/y, though the level still remains depressed. At the current pace, it would take 3.2 months to sell all homes on the market which is still a tight market, but up from 2.9 in the prior month. After making strong strides at the start of the year, existing home sales fell in March. With the Fed now looking to cut rates by less than initially anticipated, activity in the resale market will likely stay muted in our opinion amid rising mortgage rates and elevated prices.

China data. the first quarter GDP printed at 5.3% y/y or 1.6% quarter-over-quarter (q/q), beating the 4.6% street forecast, and with activity accelerating slightly from fourth quarter of 2023 5.2% y/y growth. However, industrial production and retail sales came in below forecasts. Industrial production rose 4.5% y/y in March, below the 6% analyst forecasts, while retail sales slowed to 3.1% y/y in March, missing the 4.8% street forecast. Housing data for March was also released, coming in softer, with existing homes prices falling 0.53% month-over-month (m/m) in March and new home prices falling 0.34% m/m. Even though the first quarter GDP came out stronger than expectations, it's clear that activity tailed off into the end of the quarter, raising the odds of authorities likely needing to provide further policy support if the 5% y/y GDP target for this year is to be hit. This is consistent with National Bureau of Statistics Deputy Director Sheng Laiyun's comments last week stating China will "intensify the implementation of macro policies".

UK inflation surprises to the upside to 3.2% (Bank of England/ consensus 3.1%, (vs, previous month 3.4%) with services inflation still being sticky at 6% (consensus: 5.8%). Although it is an ongoing downward trend in the data from last month and in fact, a 30 month low. Similarly in the

Euro Area, inflation is down to 2.4% hovering around 3 year lows.

Australian headline employment fell -6.6 thousand (k) in March, softer than the +10k consensus. Given the significant increase in jobs posted in February, a much larger giveback would have been expected, so the 6.6k drop is not too bad. Driving the negative print was the 34.5k drop in part time but full time rose 27.9k (this is strong) while there were upward revisions to headline and full time for Feb. Seasonally adjusted monthly hours worked rose by 0.9%. The participation rate dropped from 66.7% to 66.6%, helping drive a small uptick in the unemployment rate from 3.7% to 3.8%. Overall this report suggests the Australian labour market remains tight with employment growth of 2.4% YoY and the employment-to-population ratio and participation rate are still close to their November record highs. There is little in this report to suggest the Reserve Bank of Australia is closer to cutting in our view.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.33% and the U.K.'s 2 year/10 year treasury spread is -0.12%. 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 6.42%. Existing U.S. housing inventory is at 3.2 months supply of existing houses as of March 31, 2024 - 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 18.21 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *'The market can remain irrational longer than you can stay solvent' .... John Maynard Keynes*

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

PIC24-026-E(04/24)