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NEWS HIGHLIGHTS

EST. 2007

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

MAY 6, 2024

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OWNER OPERATED COMPANIES

GO TO PORTLAND 15 OF 15 ALTERNATIVE FUND[1]

PORTLAND 15 OF 15 ALTERNATIVE FUND[1] COMPANY NEWS

Reliance Industries Ltd. (Reliance Industries) – Jio Finanancial Services Ltd. (Jio Financial) plans to tap Standard Chartered PLC (StanChart)'s India country manager for the consumer business as chief executive officer (CEO) of one of its units, according to people familiar with the matter, as it seeks to entrench itself in a nation where demand for credit is growing rapidly. Kusal Roy will join Jio Finance, the non-banking finance arm of Jio Financial Services, in the coming weeks, the people said, asking not to be identified as the details are private, after he leaves the UK lender. Once Roy joins the firm, Jio Finance will apply for regulatory permission to appoint him as CEO, they added. Jio Financial has been seeking talent as it expands various services. Among senior appointments, KV Kamath was tapped to be non-executive chairman for Jio Financial before it spun off from Ambani's flagship company Reliance Industries Ltd. The firm also hired Charanjit Attra from State Bank of India as its chief operating officer. At StanChart where he joined four years ago, Roy oversaw consumer, private and business banking as well, according to his LinkedIn profile. A representative for Reliance Industries declined to comment. BlackRock Inc. has agreed to a joint venture with Jio Financial for wealth management and brokerage services, in addition to another partnership to create affordable digital index-related products. Jio Financial also plans to launch a mutual fund and an insurance business in addition to a payments business. It has applied to the Reserve Bank of India to convert to a core investment company from a shadow lender.

Samsung Electronics Co., Ltd. (Samsung Electronics) - Samsung Electronics topped analyst earnings estimates after its semiconductor division returned to profitability, as companies like Microsoft Corp. (Microsoft) and Alphabet Inc. (Alphabet) led a surge in spending on artificial intelligence services. The world's largest memory chipmaker reported net income of 6.62 trillion won (US$4.8 billion) in the March quarter, versus the average analyst projection for 5.63 trillion won. That's more than four times the company's earnings a year earlier. The results underscore how demand for the memory chips that power modern electronics and artificial intelligence (AI) is starting to rebound after a severe downturn. Signs are pointing to a gradual market rebound, driven in part by demand for chips used to develop AI after the advent of OpenAI's ChatGPT. Samsung Eletronics's chip division posted a better-than-projected 1.91 trillion won operating profit. South Korean trade data released this month showed semiconductor shipments led growth in the country's exports in the first 20 days of April, rising 43% from a year earlier. In its earnings release, Samsung Electronics said it expects chip demand to remain strong in the current quarter and the second half of this year. It said that the industry should remain strong, in large part because of the demand for generative AI. Microsoft and Alphabet, Google's parent company, reported financial results last week that beat analysts estimates, in part because of AI services. Samsung Electronics' smartphone and network business, the biggest contributor to its overall business, posted an operating profit of 3.5 trillion won on sales of 33.5 trillion won during the quarter, aided by strong sales of the Galaxy S24 series. Still, Samsung Electronics expects overall demand for smartphones to decline sequentially due to seasonality, the company said.

Altice USA Inc. (Altice USA) – Altice USA is preparing to expand its mobile roadmap this year. The company looks to accelerate growth in the category while continuing to weather broadband subscriber losses. Altice USA's mobile roadmap for the year includes support for tablets and smart watches, a device protection program and online sales of additional electronic accessories. Device protection is starting to become a focus among cable operators that also sell mobile services. Among recent examples, Charter Communications Inc. (Charter Communications) launched a program for Spectrum Mobile that sells for a flat fee of US$5 per month per device. Altice USA recently broadened its mobile strategy by offering services to business customers. Altice USA, which offers mobile through an mobile virtual network operator (MVNO) pact with T-Mobile Us Inc., is seeing accelerated customer growth in mobile. In the first quarter (Q1) 2024, the company added 29,300 mobile lines, up from a gain of just 7,600 mobile lines. The company ended the quarter with 351,600 mobile lines, representing a 5.3% penetration rate of its broadband base, up from 3.5% in the year-ago period. Meanwhile, mobile average revenue per unit (ARPU) grew $4.30 in Q1 versus a year ago. Mobile line gains are rising as Altice USA expands its mobile sales channels. The company's customer care and retention teams are now equipped to sell mobile and Altice USA's physical retail centers are morphing into mobile sales centers, Dennis Mathew, Altice USA's chairman and CEO, said Thursday on the company's Q1 earnings call. At the end of the quarter, about 64% of Altice USA customers were on its Unlimited or Unlimited Max plans. The company said it sees a 20% churn reduction when customers pair mobile with home broadband. Altice USA's mobile momentum is dampened by ongoing home broadband subscriber losses as the company grapples with a slow housing move environment and heightened competition from fiber and fixed wireless access (FWA) service providers. Altice USA lost 29,400 broadband subscribers in Q1, compared to 19,200 subscribers during the year-ago quarter. The company ended the period with 4.14 million broadband subscribers. Fiber is a bright spot. Altice USA added 53,200 fiber-to-the-premises (FTTP) subs (51,400 residential and 1,900 business), up from a gain of 38,100 fiber subs in the year-ago period. The operator ended Q1 with 394,600 fiber subs (385,200 residential and 9,400 business). Altice USA added 44,800 fiber passings in the quarter, ending the period with 2.78 million. The company expects to add 175,000 new fiber passings in 2024, down from additions of 576,400 in the year-ago period. That slower fiber build pace comes as Altice USA focuses more on transitioning existing customers on hybrid fiber/coax (HFC) networks to the company's new fiber network. About 70% of fiber subscriber net adds in Q1 came via migrations of existing subs, with 30% representing net new customers. Alongside fiber upgrades in the east, Altice USA is also upgrading HFC networks in its western footprint. The company expects to have 100% of its western cable properties upgraded to DOCSIS 3.1 by year-end. Altice USA ended the quarter with about 130,000 customers (about 3% of its broadband base) who benefit from the Affordable Connectivity Program (ACP), which will soon run out of funding without further government action. The company hopes to retain ACP recipients through various lower-cost mobile and broadband programs, including a 100 Mbit/s service that sells for $25 monthly.

Ares Management Corp. (Ares) – reported its financial results for its first quarter ended March 31, 2024. GAAP net income attributable to Ares was US$73.0 million for the quarter. On a basic and diluted basis, net income attributable to Ares Management Corporation per share of Class A and non-voting common stock was $0.33 for the quarter. After-tax realized income was $265.1 million for the quarter. After-tax realized income per share of Class A common stock was $0.80 for the quarter. Fee related earnings were $301.7 million for the quarter. "During the first quarter, we continued to see strong year-over-year growth across our key financial metrics, including 19% growth in our assets under management, robust fundraising of more than $17 billion, higher deployment and attractive investment performance," said Michael Arougheti, Chief Executive Officer and President of Ares. "Our portfolios continue to perform well and we are finding compelling investment opportunities across many segments of our expanding global platform." "With a record amount of available capital at nearly $115 billion along with 28% growth in our assets under management not yet paying fees, we believe we have significant capacity for growth when there is a return to higher levels of transaction activity," said Jarrod Phillips, Chief Financial Officer of Ares.

Berkshire Hathaway Inc. (Berkshire Hathaway) – reported a huge year-over-year increase in operating earnings in the first quarter, while its cash holdings bubbled to record levels. The Warren Buffett-led conglomerate posted an operating profit — which encompasses earnings from the company's wholly owned businesses — that surged 39% to US$11.22 billion from the year-earlier period. That gain was led by an 185% year-on-year increase in insurance underwriting earnings to $2.598 billion from just $911 million. Geico earnings swelled 174% to $1.928 billion from $703 million a year prior. Insurance investment income also swelled 32% to more than $2.5 billion. Berkshire's railroad business raked in $1.14 billion in profit, down slightly from the first quarter of 2023. Its energy division saw earnings nearly double to $717 million from $416 million a year prior. First-quarter net earnings, which include fluctuations from Berkshires Hathaway stock investments, fell 64% to $12.7 billion. Buffett calls these unrealized investing gains (or losses) each quarter meaningless and misleading, but the unique conglomerate is required to report these numbers based on generally accepted accounting principles. The company's cash hoard reached a record high of $188.99 billion, up from $167.6 billion in the fourth quarter. That massive holding, well above a Center for Financial Research and Analysis Research estimate of more than $170 billion, points to Buffett's inability to find a suitable major acquisition target — which he has lamented in recent years. To be sure, Berkshire Hathaway did trim its Apple Inc. stake by 13%. The iPhone maker remained Berkshire Hathaway's largest stock holding, however. Berkshire Hathaway also bought back $2.6 billion in stock, up from $2.2 billion in the fourth quarter of 2023.

Brookfield Corp. (Brookfield) – and Castlelake L.P. (Castlelake), an alternatives asset manager specializing in asset-based private credit including aviation and specialty finance, announced that they have entered into an agreement whereby Brookfield will acquire a 51% stake in Castlelake's fee-related earnings. The amount of capital to be invested will be approximately US$1.5 billion, including capital to be invested in Castlelake's investment strategies by Brookfield Reinsurance Ltd. The partnership will allow Castlelake and Brookfield to collaborate and expand Castlelake's differentiated asset-based investment business. Craig Noble, CEO of Brookfield Credit said, "We are thrilled to be partnering with Castlelake, a leading asset-based private credit business with an exceptional management team. There is strong demand for Castlelake's leading private credit strategies, and tremendous growth potential in the asset class. We look forward to helping Castlelake scale their business, and the addition of their capabilities enables us to better serve our clients around the world. With growing demand from investors for diverse credit strategies, this multi-trillion market has significant tailwinds that will help drive the growth of our US$300 billion credit business over the next decade."

Brookfield – together with Brookfield Renewable Partners and Microsoft Corp. (Microsoft), are pleased to announce the signing of a global renewable energy framework agreement to contribute to Microsoft's goal of having 100% of its electricity consumption, 100% of the time, matched by zero carbon energy purchases by 2030. The agreement between Brookfield and Microsoft is rooted in the two companies' shared goals to decarbonize global energy supplies and reduce carbon emissions. Having contracted almost one gigawatt of renewable capacity to date outside of the agreement, this agreement builds on the strong collaboration and extends it into the future. The agreement provides a pathway for Brookfield to deliver over 10.5 gigawatts of new renewable energy capacity between 2026 and 2030 in the U.S. and Europe. The agreement includes the potential to increase its scope to deliver additional renewable energy capacity within the U.S. and Europe, and beyond to Asia-Pacific, India, and Latin America, and provides an incentive for Brookfield to build a large portfolio of new renewable energy projects over the coming years. The agreement provides Microsoft with access to a pipeline of new renewable energy capacity to support the growing demand for cloud services at home and at work. The scale of the new capacity from Brookfield will contribute to the decarbonization of the grid and accelerate the global shift to renewable energy solutions within the cloud industry. The agreement will not only focus on wind and solar, but also new or impactful carbon free energy generation technologies.

Brookfield Business Partners L.P. (Brookfield Business Partners) – announced financial results for the quarter ended March 31, 2024. "We are pleased with our first quarter results supported by the ongoing performance of our largest operations," said Anuj Ranjan, CEO of Brookfield Business Partners. "We generated strong margins and the progress achieved on our value creation plans is contributing to higher quality earnings of our operations. Our access to capital continues to be favorable and we generated approximately US$300 million of net proceeds from our capital recycling initiatives including agreements to sell two small operations." Net income attributable to Unitholders for the three months ended March 31, 2024 was $48 million ($0.23 income per limited partnership unit) compared to net income of $74 million ($0.34 per limited partnership unit) in the prior period. Adjusted EBITDA for the three months ended March 31, 2024 was $544 million compared to $622 million in the prior period. Prior period results included contribution from nuclear technology services operation which was sold in November 2023.

Brookfield Infrastructure Partners L.P. (Brookfield Infrastructure) – announced its results for the first quarter ended March 31, 2024. Brookfield Infrastructure reported net income of US$170 million for the three month period ended March 31, 2024 compared to $23 million in the prior year. Current quarter results benefited from strong operational performance and the contribution from recent acquisitions. The current period also reflects higher mark-to-market gains relative to losses incurred in the prior period. These positive impacts were partially offset by higher borrowing costs associated with the recent capital recycling initiatives. Funds from operations (FFO) of $615 million increased by 11% compared with the same period last year. This increase reflects organic growth of 7%, as well as strong contributions associated with over $2 billion of new investments, partially offset by the impact of the capital recycling program and higher interest costs. Organic growth during the period was supported by inflation indexation, strong transportation volumes and the commissioning of over $1 billion of new capital from the capital backlog. "The benefits of inflation indexation, better than expected economic activity and strong contributions from new investments have favorably impacted our financial results," said Sam Pollock, Chief Executive Officer of Brookfield Infrastructure Partners. "With the base business performing well and successful capital recycling, we are positioned for success over the balance of 2024."

Brookfield Renewable Partners (Brookfield Renewable) – reported financial results for the three months ended March 31, 2024. Brookfield Renewable reported FFO of US$296 million in the quarter, or $0.45 per unit for the three months ended March 31, 2024, an 8% increase compared to the prior year. The strong results reflect solid resources across hydro fleet and the impact from development and growth initiatives. These results position the company well to deliver the target 10%+ FFO per unit growth for the year. After deducting non-cash depreciation and other expenses, the Net loss attributable to Unitholders for the three months ended March 31, 2024 was $120 million. "We had a strong start to the year delivering record results and executing on our business plans. We signed a landmark agreement with Microsoft, which expands on our longstanding partnership, to deliver over 10.5 gigawatts of additional renewable energy capacity to enable the growth of their AI powered cloud services business," said Connor Teskey, CEO of Brookfield Renewable. "The agreement is a testament to our ability to deliver scale clean power solutions to our leading global corporate partners and the exponential demand we are seeing for renewable energy to support data center development. During the quarter we were also successful advancing our development and growth activities and are well positioned to deploy significant capital into a robust pipeline of attractive opportunities and build on our track record of value creation."

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL ALTERNATIVE FUND[1]

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Coca-Cola Co (Coca-Cola) - raised its annual organic sales forecast on Tuesday after topping first-quarter results as customers in the U.S. and international markets shell out more money for its pricey sodas and juices. The soda giant is seeing demand in the U.S. surge mainly in the away-from-home category as consumers venturing out for movies and dining are willing to spend on its Coke sodas and Minute Maid juices. Coca-Cola, similar to PepsiCo Inc. (PEP.O), which also beat its first-quarter results, is enjoying buoyant demand in international markets such as Europe and Latin America where relaunches of Georgia Coffee and Sprite reformulations have bumped up sales. The company's first-quarter organic revenue in Europe, Middle East and Africa rose 15%, while in North America it increased 7%. Overall average selling price rose 13%, while unit case volumes were up only 1%. Coca-Cola is also overhauling their existing products and introducing newer items to spur demand among lower-income customers. "U.S. still remains in good shape," CEO James Quincey said in a post-earnings call, adding there is some purchasing power compression among lower-income customers. Coca-Cola expects fiscal 2024 organic sales to grow 8% to 9%, compared with its prior forecast of a 6% to 7% rise. First-quarter net revenue rose 2.5% to US$11.23 billion, beating LSEG estimates of $11.01 billion. Coca-Cola posted adjusted profit of 72 cents per share, compared with expectations of 70 cents. Coca-Cola maintained its annual comparable earnings per share forecast of 4% to 5% growth.

Genuine Parts Co. (GPC) - a leading global distributor of automotive and industrial replacement parts, announced an acquisition for its U.S. Automotive business. Effective April 30, 2024, the company acquired Motor Parts & Equipment Corporation (MPEC). MPEC, founded in 1938, is based in Rockford, Illinois. It is the largest independent owner of NAPA Auto Parts stores in the U.S., operating 181 locations across Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin. "We are pleased to announce the completion of this strategic acquisition, which aligns with our initiative to own more NAPA stores in priority markets," said Will Stengel, President & CEO-elect of GPC. "We appreciate our long-standing partnership with MPEC's Executive Chairman, Joseph Hansberry, and welcome our new MPEC teammates to GPC and NAPA. We are excited to work together to deliver solutions and value to our customers."

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – released its first quarter 2024 financial results, showing a significant 22% increase in total revenues to US$7.4 billion compared to the first quarter of 2023, driven by a 22% growth in product sales primarily due to a 25% volume increase. Key products such as Repatha®, TEZSPIRE®, EVENITY®, BLINCYTO®, and TAVNEOS® contributed to this growth with double-digit volume increases. The company is also conducting a Phase 2 study of MariTide for adults with overweight or obesity with or without type 2 diabetes mellitus, with anticipated topline data in late 2024. Additionally, Amgen is on track with planning a comprehensive Phase 3 program across multiple indications.

Amgen and Sandoz Group AG have reached a settlement in a patent-infringement lawsuit concerning biosimilar versions of Amgen's bone-strengthening drugs Prolia and Xgeva. Sandoz acknowledged that its biosimilars, Jubbonti and Wyost, infringe on a specific US patent, resulting in a block on Sandoz's rival treatments until February 19, 2025. The settlement also includes resolution of other patent disputes, permitting Sandoz to launch its biosimilar products on May 31, 2025, or potentially earlier under certain conditions. Financial details of the agreement remain confidential.

Amgen has revealed new research findings at the American Thoracic Society (ATS) 2024 International Conference, showcasing advancements in chronic obstructive pulmonary disease (COPD), asthma, and vasculitis. The presentation includes data from the Phase 2a COURSE trial on Tezspire® for COPD, a Phase 1 study on AMG104/AZD8630 for moderate to severe asthma, and new data on TAVNEOS® for severe active ANCA-associated vasculitis with lung involvement.

BridgeBio Pharma Inc, (BridgeBio) – reported strong first quarter 2024 financial results and provided updates on its business operations. Highlights include positive findings from the ATTRibute-CM Phase 3 study of acoramidis for transthyretin amyloid cardiomyopathy, plans to pursue Accelerated Approval for BBP-418, and successful capital fundraising efforts totaling US$1.5 billion. The company also launched BridgeBio Oncology Therapeutics (BBOT) with a $200 million private financing and made progress with regulatory approvals for acoramidis in both Europe and the United States. Additionally, BridgeBio ended the quarter with $520 million in cash and equivalents.

Clarity Pharmaceuticals Ltd. (Clarity) – has reported a significant milestone in prostate cancer treatment, with the first-ever patient with metastatic castrate-resistant prostate cancer (mCRPC) achieving a complete response after receiving two doses of Cu-67 SAR-bisPSMA at the 8GBq dose level. This patient has maintained undetectable levels of Prostate Specific Antigen (PSA) for nearly six months post-treatment, indicating a positive clinical response. Positron emission tomography (PET) imaging showed no detectable lesions following treatment. The patient, heavily pre-treated with various therapies, experienced no adverse events related to the treatment, demonstrating a favorable safety profile. Clarity continues to progress with its SECuRE trial, with recruitment ongoing for cohort 4 at the highest dose level of 12GBq.

Lantheus Holdings Inc. (Lantheus) – has reported financial results for the first quarter of 2024, with worldwide revenue reaching US$370.0 million, marking a notable 23.0% increase compared to the same period in 2023. The company achieved a GAAP fully diluted net income per share of $1.87, a significant improvement from a GAAP fully diluted net loss per share of $0.04 in the first quarter of 2023. Adjusted fully diluted net income per share also saw growth, reaching $1.69 compared to $1.47 in the first quarter of 2023. With this strong performance, Lantheus has increased its full-year 2024 net revenue and earnings guidance and provided guidance for the second quarter of 2024.

Relay Therapeutics Inc. - reported first quarter 2024 financial results with approximately US$750 million in cash, sufficient to fund operations into the second half of 2026. The company is focused on advancing its RLY-2608 development program and expects to share additional data later in the year. Anticipated milestones for 2024 include updates on RLY-2608 combinations and Lirafugratinib, along with the disclosure of new pre-clinical programs.

Schrödinger Inc. – disclosed its financial results for the first quarter of 2024, reporting total revenue of US$36.6 million, with software revenue reaching $33.4 million. The company also announced Food and Drug Administration clearance for its Investigational New Drug Application for SGR-3515, a novel Wee1/Myt1 inhibitor, and anticipates initiating a Phase 1 clinical study for solid tumors this year. Additionally, progress continues on Phase 1 clinical studies for SGR-1505 and SGR-2921, with initial data readouts expected in late 2024 or 2025.

NUCLEAR ENERGY

Cameco Corp. (Cameco) – reported financial and operational performance for the first quarter of 2024, with its uranium, fuel services, and Westinghouse segments performing in line with company plan. The company maintained its 2024 outlook, highlighting financial discipline and a strong cash position leading to focused debt reduction. Despite normal quarterly variability and acquisition-related costs for Westinghouse, Cameco's results align with expectations. Additionally, the attractiveness of baseload nuclear power is drawing investment from the tech sector.

Plug Power Inc. (Plug) – has secured contracts to provide cryogenic equipment to a multinational industrial gas company and a statewide electric utility company. Furthermore, it is finalizing an agreement with another major industrial gas company. These contracts signify Plug's expanding presence in the cryogenic equipment market across various sectors. In collaboration with the multinational industrial gas company, Plug will supply five cryogenic trailers tailored for the Canadian market, facilitating the transportation of crucial cryogenic industrial gases such as nitrogen, argon, and oxygen, with deliveries anticipated in early 2025. Additionally, Plug is extending its cryogenic equipment services internationally by obtaining certification for liquid hydrogen storage tanks and transport trailers in Korea, marking a significant milestone in its global expansion efforts.

Plug has signed a memorandum of understanding (MOU) with Allied Green Ammonia (AGA) to supply up to 3 gigawatts (GW) of electrolyzer capacity for AGA's green ammonia production facility in the Northern Territory of Australia. The agreement aims to initiate a Basic Engineering and Design Package (BEDP) for the project, expected to commence in mid-May 2024. The final investment decision (FID) is targeted for the fourth quarter of 2025, with the delivery of the electrolyzer supply scheduled to start in the first quarter of 2027.

ECONOMIC CONDITIONS

U.S. Oil Inventories - In the United States, commercial crude inventories are at almost the same level as this time last year and close to the prior 10-year seasonal average. Commercial crude stocks amounted to 461 million barrels in April 26 compared with 460 million barrels a year earlier. Crude inventories were just 5 million barrels (-1% or -0.11 standard deviations) below the prior 10-year seasonal average. There have been no signs of a significant and sustained draw down of inventories that would indicate the market has been under-supplied. Most U.S. crude inventories are held at coastal refineries and tank farms along the Gulf of Mexico, which is also the region most closely integrated with the global sea-borne market. Gulf of Mexico stocks amounted to 262 million barrels on April 26, only 6 million barrels above the same time last year and 15 million barrels (+6% or +0.57 standard deviations) above the 10-year seasonal average. The United States is not the whole global market but given the efficiency with which traders move barrels to exploit local discrepancies between production and consumption, it is a good marker for the global balance. U.S. crude inventories, global futures prices and to some extent softening calendar spreads all point to a market fairly close to balance. Portfolio investors certainly seem to think so, with roughly equal upside and downside risks to prices. On April 23, hedge funds and other money managers held a net long position in futures and options linked to crude prices equivalent to 453 million barrels (46th percentile for all weeks since 2013). The position was an increase from 388 million barrels (29th percentile) at the same point in 2023 but was basically neutral. Neither fund managers nor physical traders are signalling the need for an increase in production from Saudi Arabia and its OPEC+ allies in the third quarter.

Euro zone business activity expanded at its fastest pace in almost a year last month as a resurgence in the bloc's dominant services industry more than offset a deeper downturn in manufacturing, a survey showed on Monday. Hamburg Commercial Bank's composite Purchasing Managers' Index (PMI) for the currency union, compiled by S&P Global and seen as a good gauge of overall economic health, bounced to 51.7 in April from March's 50.3, surpassing a preliminary 51.4 estimate. That was its second month above the 50-mark separating growth from contraction and the highest since May last year. "Service providers have now expanded their activity for the third consecutive month, putting an end to the lack of dynamism observed in the second half of last year," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank. The services PMI leapt to 53.3 from 51.5, above the flash estimate of 52.9 and its highest reading since last May. A sister survey released last week showed factory activity in the euro zone took a turn for the worse in April, highlighting the divergence between the two sectors. Overall optimism about the year ahead remained buoyant. The composite future output index dipped only slightly from March's 61.6 - its highest since February 2022 - to 61.6. Suggesting services firms expect the rebound to continue they increased headcount at the fastest pace in almost a year, with the employment index climbing to 53.5 from 52.3.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now -0.31% and the U.K.'s 2 year/10 year treasury spread is -0.13%. 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 7.22%. 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 13.79 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Risk never looks like risk when it's generating a high return" ~ Howard Marks*

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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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