NEWS HIGHLIGHTS

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

JULY 29, 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 Limited (Reliance) – Reliance has secured US approval to resume importing oil from Venezuela despite White House sanctions on the country, according to people familiar with the development. India's largest privately owned refiner plans to start purchasing Venezuelan crude soon, said the people, who asked not to be named as the information is not public. Reliance accounted for around 90% of India's crude imports from Venezuela after the sanctions were lifted last year, according to data intelligence firm Kpler. The US Treasury declined to comment, and Reliance did not reply to email seeking comment. Washington temporarily removed restrictions on the South American nation's gold and oil sectors last year, when President Nicolas Maduro and the opposition signed a deal to guarantee free and fair elections. The sanctions were then reinstated in April after Venezuela failed to honor the agreement, and oil companies have been applying for permits from the US Treasury Department to keep doing business there. Venezuela's crude exports climbed to 654,000 barrels a day in June, the highest since April 2020, according to shipping reports and data from Kpler, after the US granted a specific license for companies to continue to drill in the country despite the sanctions being in place. Apart from Reliance, India's state-owned Oil and Natural Gas Corp.'s overseas investment arm ONGC Videsh Ltd. has also applied for waivers to import crude from Venezuela.

Samsung Electronics Co., Ltd (Samsung) - Samsung took part in the SNE Battery Day 2024 expo in Seoul this week to demonstrate its new battery technologies. The first batches from its pilot solid-state battery line have been delivered to EV makers, and they've been testing the cells for about six months now. According to Samsung SDI's VP, automakers are interested in its solid-state battery packs because they are smaller, lighter, and much safer than what's in current electric cars. Apparently, they are also rather expensive to produce, since it warns that they will first go into the "super premium" EV segment. Those Samsung defines as luxury electric cars that can cover more than 600 miles on a charge. Samsung's oxide solid-state battery technology is rated for an energy density of about double the density of mainstream EV batteries. Those have capacities that already allow more than 300 miles on a charge, so 600 miles of range in a similar footprint is not out of the question, but the issue is production costs. Both Toyota and Samsung have vowed to begin mass solid-state battery production in 2027. Toyota, however, also advised that it will be installing them in premium electric cars under the Lexus brand first, so solid-state batteries won't reach mass market cars any time soon. Actually, price was the main reason that the largest EV battery maker CATL initially scoffed at any mass solid-state battery production plans, saying that this can't happen before 2030. CATL has since reconsidered, though, and is now planning for 1% solid-state battery penetration rate in 2027. Besides solid-state battery commercialization with its proprietary mass production technology, Samsung wants to be competitive in the more affordable EV segment as well. It is developing cheaper LFP and cobalt-free batteries, as well as a dry electrode production method. To set its electric car batteries apart from the competition, Samsung will offer packs that can be charged in 9 minutes, as well as ultimately extend the lifespan of its batteries to 20 years.

Altice USA, Inc. (Altice) - Altice aims to grow its home broadband service and keep its hand in the video game with the launch of an Internet-delivered, entertainment-focused package that costs US$30 per month. The new option called Entertainment TV features a lineup of 80-plus channels and is available only to Altice USA's home broadband subscribers via Optimum Stream. Optimum Stream is the company's relatively new Android TV-based platform that supports Altice USA's own pay-TV app along with access to a wide range of third-party streaming applications (via the Google Play store). Per the fine print, the Internet-delivered Entertainment TV service is not available to Altice USA home broadband subs on plans delivering speeds of 50 Mbit/s or less. Optimum Stream is currently available to all Altice USA home broadband subs in New York, New Jersey and Connecticut. The operator is extending access to Optimum Stream to about 1.5 million-plus households across its more rural, western footprint, including parts of Arkansas, Arizona, Louisiana, North Carolina and Texas, "with further expansion planned for later this year," the company noted. The lineup for Entertainment TV doesn't include major local broadcast channels and is free of relatively expensive sports networks such as ESPN and FS1. Entertainment TV will provide a new, low-cost option for Altice USA subs, one that does not include pricey sports channels. Altice USA's new streaming TV offering arrives a couple of months after CEO Dennis Mathew said the company would soon launch a pair of new video service tiers aimed at providing more "optionality." The company hasn't revealed what else is on tap but is expected to share more details on August 1, when Altice USA reports quarter two 2024 results.

Berkshire Hathaway Inc. – has reduced its stake in Bank of America by 5%, selling 53 million shares worth US$2.3 billion, leaving it with 980 million shares (12.6% interest). Despite the reduction, Berkshire remains the largest investor in the bank, with its stake valued at $41 billion. CEO Warren Buffett's sales accounted for significant trading volumes recently and might continue until the stake is below 10%, avoiding quick public disclosure. The sales are timed with the stock's recent strength, despite trailing peers. Bank of America's stock, up over 20% this year, dropped 1.2% recently. The sales might offer buying opportunities due to the bank's high liquidity.

Carnival Corporation (Carnival) – has finalized an agreement with Italian shipbuilder Fincantieri for three new Liquified Natural Gas (LNG) powered cruise ships. These vessels, each nearly 230,000 gross registered tonnes, are scheduled for delivery in 2029, 2031, and 2033. This order will expand Carnival Cruise Line's LNG-powered fleet to 16 ships. The new vessels will offer innovative guest experiences and advanced energy efficiency and emission reduction technologies. Each ship will accommodate nearly 8,000 guests, making them the largest in Carnival Corporation's fleet. This move aims to meet the high consumer demand for cruise vacations and support Carnival's strategic growth and environmental goals. The agreement is contingent upon financing, expected to be completed later this year.

LVMH Moet Hennessy Louis Vuitton SE (LVMH) – LVMH's fashion and leather goods sales grew 1% in quarter two to €10.28 billion, slightly below expectations, with a 6% drop in operating profit due to exchange rate issues and retail investments. Overall, organic revenue also grew 1% to €20.83 billion, but net profits fell 14% in H1, impacted by challenges in China and reduced luxury demand. Despite economic uncertainties, CEO Bernard Arnault praised the company's resilience and highlighted the upcoming Paris 2024 Olympics as a bright spot. Regional sales varied: Asia (excluding Japan) dropped 14%, Japan increased 57%, the US rose 2%, and Europe grew 4%. By category, perfumes and cosmetics grew 4%, watches and jewellery fell 4%, selective retailing (including Sephora) rose 5%, and wines and spirits dropped 5%. The luxury sector is slowing overall, with modest growth reported by peers like Richemont, Burberry, and Hugo Boss. Arnault remains confident in LVMH's ability to maintain its global leadership in luxury goods, relying on the agility and talent of its teams.

LVMH is the most prominent sponsor of the 2024 Olympic and Paralympic Games in Paris, investing €150 million. The company has integrated its products extensively into the event, with Louis Vuitton crafting the Olympic torch trunk and medal trays, Chaumet designing medals with Eiffel Tower iron, and Berluti creating the French team's opening ceremony outfits. Antoine Arnault, head of image and environment at LVMH, emphasized the unprecedented commitment, with LVMH acting as the "creative partner" for the Games. Despite risks like potential security issues, Arnault sees this role as essential for the brand. LVMH also sponsors the 2024 America's Cup, marking their return since 2017. Though the company has faced criticism for past philanthropic efforts, their Olympic sponsorship has been well-received. As the Paris Games face local criticism over traffic and security, LVMH may consider sponsoring the 2028 Los Angeles Olympics, focusing first on the success of 2024.

Billionaire Bernard Arnault, Chairman and CEO of LVMH, confirmed that he owns a small stake in Richemont, the owner of Cartier. In an interview with CNBC, Arnault mentioned his good relationship with Richemont's owner, Johann Rupert, and assured that he would never act against him, respecting Rupert's desire to remain independent. Arnault described his stake in Richemont as "very minor" and emphasized it is purely an investment. His comments follow a report indicating Arnault's personal stake and speculation about a potential LVMH takeover of Richemont.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Citigroup Inc. (Citi) - has won a record of forty-one global, regional and local market awards from Euromoney, a leading global financial markets magazine, at its annual Awards for Excellence that recognizes the best in banking across key areas that are most important to a bank's key stakeholders, clients, board and executive management teams. The period of consideration for the awards was the 2023 calendar year.

In its 29th edition, the Euromoney Awards for Excellence recognized Citi as The World's Best Digital Bank and The World's Best Investment Bank in the Emerging Markets.

"The range of awards Citi has received from Euromoney is both an honor and affirmation that we are making progress to reach our full potential," said Tim Ryan, Citi's Head of Technology and Business Enablement. "Winning the 'World's Best Digital Bank Award' is a testament to the hard work and dedication of our people that help create a more seamless experience for our clients."

Citi also received numerous other multiple regional and local market awards. "We are advancing our vision to be the preeminent banking partner for clients with cross-border needs. Our wins validate our commitment to have global conversations with our clients to grow their businesses and seamlessly deliver to them the breadth of products and services across the firm," said Ernesto Torres Cantú, Citi's Head of International. "We have shifted our business mix to focus on what we are really good at. We are modernizing the bank, sharpening our focus on risk and controls, and implementing processes to deliver the consistently high level of service our clients expect from Citi across markets." Citi's unified Banking and International organization oversees the local delivery of the full firm to clients in more than 90 markets where Citi has an on-the-ground presence.

Verizon Communications Inc. (Verizon) – reported second-quarter 2024 results today with strong wireless service revenue, broadband subscriber growth, and continued momentum in its three financial priorities of wireless service revenue, consolidated adjusted EBITDA and free cash flow. The company remains on track to achieve its full-year 2024 financial guidance.

"The sequential and year over year improvements in the second quarter were a reflection of operational excellence and the moves we made to bring choice, value and control to our customers' lives," said Verizon Chairman and CEO Hans Vestberg. "Our industry-leading network serves as a catalyst for how our millions of customers live their lives, and serves as the backbone for new and emerging technologies. We continue to build and expand on our strengths and successes with new products and services, and we are confident that this upward momentum will position us for future growth."

For second-quarter 2024, Verizon reported earnings per share of US$1.09, compared with earnings per share of $1.10 in second-quarter 2023. On an adjusted basis, excluding special items, EPS was $1.15 in second-quarter 2024, compared with adjusted EPS of $1.21 in second-quarter 2023. Second-quarter 2024 financial results reflected a pre-tax loss from special items of $355 million. This included the amortization of intangible assets related to Tracfone and other acquisitions of $219 million, and a $136 million charge associated with a mark-to-market adjustment for pension liabilities.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

BeiGene, Inc. – has opened a flagship U.S. biologics manufacturing and clinical R&D facility in Hopewell, New Jersey. This US$800 million investment at the Princeton West Innovation Campus includes advanced manufacturing capabilities and a research and development center. The facility supports BeiGene's growth and innovation in oncology, enabling scalable production of its cancer treatments. With over 30 molecules at clinical or commercial stages, BeiGene aims to meet the needs of cancer patients worldwide through this new facility.

Danaher Corporation (Danaher)– reported its second-quarter 2024 results, with net earnings of US$907 million, or $1.22 per diluted share, and non-GAAP adjusted earnings of $1.72 per share. Revenues decreased by 3.0% year-over-year to $5.7 billion, with non-GAAP core revenue down 3.5%. The company generated $1.4 billion in operating cash flow and $1.1 billion in non-GAAP free cash flow. CEO Rainer M. Blair highlighted strong performance in the bioprocessing business and Cepheid's market share gains in molecular testing. Looking ahead, Danaher expects non-GAAP core revenue to decline in the low single digits for the third quarter and full year 2024.

Guardant Health, Inc. (Guardant Health)– Guardant Health's blood-based test, Guardant Shield, has received approval from the U.S. Food and Drug Administration (FDA) for detecting colorectal cancer (CRC). The approval applies to adults aged 45 and older, potentially reaching over 50 million unscreened individuals. Shield is now the second FDA-approved blood-based CRC screening test in the U.S., following Epigenomics' Epi proColon, which was approved in 2016.

Telix Pharmaceuticals Limited (Telix) – has successfully priced A$650 million of 2.375% convertible notes due in 2029. These notes, also known as convertible bonds, can be converted into fully paid ordinary shares in Telix. The initial conversion price is A$24.78 per share, which is a 32.5% premium over the reference share price of A$18.70. The offering was well-received by eligible investors worldwide, and the conversion price is subject to anti-dilution adjustments.

Telix has announced that the U.S. Food and Drug Administration (FDA) has accepted its New Drug Application (NDA) for TLX007-CDx, a new cold kit for prostate-specific membrane antigen (PSMA)- positron emission tomography (PET) imaging in prostate cancer. The Prescription Drug User Fee Act (PDUFA) goal date is set for March 24, 2025. If approved, the kit will allow for a broader geographic distribution of PSMA imaging products compared to currently available gallium-68 (68Ga) based agents. The innovative kit can utilize 68Ga from both high activity generators and cyclotrons, improving production flexibility. Telix aims to enhance access to PSMA-PET imaging and the benefits of 68Ga imaging, particularly for underserved U.S. populations, leveraging its established distribution partnerships.

Telix announced the opening of an expanded access program (EAP) in the United States (U.S.) for TLX101-CDx (Pixclara®, 18F-floretyrosine or 18F-FET) an investigationalPET agent for imaging progressive or recurrent glioma, following FDA agreement to proceed. Amino acid PET is included in U.S. and European clinical practice guidelines for the imaging of gliomas, however there is no FDA-approved targeted amino acid PET agent for brain cancer imaging currently available in the U.S. Telix's goal is to make this product commercially available in the U.S., significantly increasing patient access to this important imaging agent for both adult and paediatric patients. The company expects to file its New Drug Application (NDA) for TLX101-CDx with the FDA during the third quarter 2024. Under its EAPs – sometimes also called 'compassionate use' – the FDA works with companies to allow access to investigational products, outside of a clinical trial, to patients with serious or life-threatening illnesses, for whom there are no comparable or satisfactory alternate options.

NUCLEAR ENERGY

Assystem SA (Assystem)– reported consolidated revenue of €301.3 million, a 6.7% increase compared to €282.5 million in the same period of 2023. This growth consisted of 5.8% organic growth, 0.7% from changes in the scope of consolidation, and a 0.2% positive currency effect. The company's Nuclear activities, which accounted for 73% of total revenue, experienced a 10% organic growth. In France, revenue grew by 1.7% to €189.6 million, driven by a strong performance in Nuclear activities, which saw 8.3% organic growth. International operations generated €111.7 million in revenue, up 16.4% year-on-year, with a 9.9% organic growth rate. Assystem paid a €12.50 per share dividend for 2023, totaling €185.6 million, distributed in two installments.

Bloom Energy Corp – has appointed Barbara Burger, Ph.D., to its Board of Directors, effective August 1, 2024. Dr. Burger is a seasoned executive with extensive experience in the energy industry, having served as vice president of innovation and president of Chevron Technology Ventures (CTV) until her retirement in 2022. During her tenure at CTV, she led initiatives to integrate technology with sustainable energy solutions. Her expertise in innovation and technical knowledge will provide valuable insights as Bloom Energy advances its Solid Oxide Fuel Cell (SOFC) platform and contributes to the energy transition towards a zero-carbon future.

ECONOMIC CONDITIONS

U.S. GDP growth for second quarter jumped well above consensus expectations to a 2.8% annualized pace from a soft 1.4% in the first quarter. This was above nearly all analyst forecasts on Bloomberg. While we will get two more revisions to the data before it's finalized, the growth pace for the first six months of 2024 is now recorded as 2.1%. The details of the report were solid, but the headline figure exaggerates the strength of the economy, as a strong inventory increase padded the numbers. Real final sales rose 2.0% annualized, up just a bit from the first quarter's 1.8% pace. The second quarter saw a solid rebound in consumer spending (2.3%), business equipment spending (11.6%), and government spending (3.1%) that drove much of the improved performance, but we also saw a better than forecast rebound in exports (+2.0%) and a big business inventory build of US$71.3 billion that together added around one percentage point to GDP growth. Most components of GDP were actually very close to our forecasts, but there were a few major upside surprises coming mostly from government spending at both the national and state levels and the smaller than expected drag from net exports and residential investment than our prior forecast indicated. Government spending alone added 0.5 percentage points to growth.

US Personal spending rose an expected 0.3% in June following an upwardly-revised 0.4% advance in May. Real spending rose 0.2%, half the prior month's pace, resulting in a modest quarterly pickup to a 2.3% annualized rate in the second quarter, though indicating little momentum heading into the third quarter where some downshift is likely. The increase in real spending last month was evenly split between goods and services. It was supported partially by a surprisingly soft 0.2% advance in personal income, as wage growth halved to 0.3%. Households had to save less to support spending. Prices rose 0.1%, slightly more than expected but held back by lower energy costs. Core prices rose 0.18%, a mild pickup from the prior month's pace, holding the yearly rate at 2.6%. The 3-month annualized rate eased to 2.3%, the lowest this year. In summary US consumers aren't spending the way they used to, but are still providing ongoing support to the expansion. With a soft landing on course and inflation expected to grind lower, the Federal Open Markets Committee should not disappoint widespread expectations of a September rate cut in our view.

U.S. Existing home sales slipped 5.4% to an annualized 3.89 million—the lowest level since December 2023—after falling 0.7% in May. That is the fourth straight drop amid high mortgage rates and low affordability, which are undermining home demand. The decline was broad-based with condos/co-ops dropping 7.5% following unchanged readings in April and May, and single-family sales falling a more modest 5.1%, the fourth decline in a row. The larger-than-expected decrease in overall sales pushed the year-ago growth rate down to -5.4%, nearly twice the 2.8% drop in May. Moreover, existing home sales have declined annually for 35 consecutive months. There was some encouraging data on the inventory front. Total housing inventory in June was 1.32 million, up 3.1% from May and 23.4% higher than a year ago. That equates to a 4.1 months' supply at the current sales pace, up from 3.7 in the prior period and 3.1 one year ago. The last time unsold inventory was above four months was in May 2020. The rise in inventory exerted a little downward pressure on home price growth. Still, the median existing home price in June was a record high US$426,900, a year-on-year increase of 4.1%, down slightly from the 5.2% gain in May.

French flash PMIs for July were generally better than expected. While the manufacturing index fell to a 6-month low of 44.1 (mkt: 45.9) the services index rose 1.1 points to 50.7 (mkt: 49.7). Overall, this left the composite index up 0.7 points to 49.5 (mkt: 48.8). The drivers of the weak manufacturing print were broad based, with output, new orders, and employment all registering declines. Anecdotal evidence from surveyors suggested that "weak sales performances and delays from customers" were key drivers of weaker factory production. On the other hand, the strength in the services index were reportedly partly driven by the Olympics as well as the end of the election. Inflationary pressures rose across the board, with both input and output price inflation rising. Moreover, business expectations fell for the fourth straight month.

German flash purchasing managers index (PMI)s came in sharply below the consensus across the board in July. The manufacturing index dropped to 42.6 (market (mkt): 44.0) while the services index declined to a 4-month low of 52.0 (mkt: 53.3). Overall, this left the composite index down to 48.7 (mkt: 50.6)—the first time the index was below 50-points since March. The drivers of the decline in the manufacturing index were broad based, with new orders, output, and employment all registering declines. On the employment side in particular, this month's sharp fall extends on an almost equally large decline in June, which left the index at its weakest since August 2020. Suppliers' delivery times lengthened, as we expected, however, this only offset some of the overall decline from the other components. As in France, inflationary pressures rose, with both input and output price inflation increasing.

UK flash purchasing managers index (PMI)s came in roughly as expected in July. The services index rose 0.3 points to 52.4 (market (mkt): 52.5) while the manufacturing index shot up to a 2-year high of 51.8 (mkt: 51.0). Overall, this left the composite PMI a touch stronger than expected at 52.7 (mkt: 52.6). The drivers of the increase in the manufacturing index were broad based, with output, new orders, employment, and suppliers' delivery times adding upside pressure on the index. In general, sales growth increased across both the manufacturing and services sectors, with firms suggesting that improved market confidence helped spur the increase, in part after some firms reported that they had put spending decisions on hold prior to the general election. In terms of inflationary pressures, input cost inflation increased largely on a sharp increase on the manufacturing side due to the rise in shipping costs. That said, output cost inflation continued to decline and fell to its weakest since February 2021—partly driven by weakness in the services sector.

FINANCIAL CONDITIONS

Bank of Canada lowered the target for the overnight rate by 25 basis points, a decision in line with the consensus and market expectations. The rate reduction brings the policy rate to 4.50%, unwinding the two rate hikes delivered in June and July 2023. This move also pushes the BoC's policy rate 100 bps below the Federal Reserve's (based on their upper bound target), marking the largest negative gap since the late 1990s. Once again, there wasn't really any forward rate guidance in the press release but the opening statement to the press conference reiterated that "it is reasonable to expect further cuts" if inflation continues to ease in line with their forecast. "Incoming information" will guide future monetary policy decisions. The statement notes that excess supply is growing: "With robust population growth of about 3%, the economy's potential output is still growing faster than GDP, which means excess supply has increased." On the labour market, they highlight that "there are signs of slack" with labour force growth outpacing employment and job seekers having more trouble finding work. "Wage growth is showing some signs of moderating, but remains elevated." As for inflation, the statement notes that "broad inflationary pressures are easing" although shelter and some services inflation remains elevated. "Governing Council is carefully assessing these opposing forces on inflation."

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 0.17%. 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 6.78%. Existing U.S. housing inventory is at 4.1 months supply of existing houses as of May 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 VIX (volatility index) is 16.39 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

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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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