SEPTEMBER 24, 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) – Reliance and its supermajor partner bp plc bid together with government-run Oil and Natural Gas Corporation (ONGC) for one block in Gujarat offshore in India's biggest oil and gas auction round. The bid round attracted four key players including OIL and Vedanta Ltd with most blocks getting just two bids, according to Directorate General of Hydrocarbons (DGH). In the Open Acreage Licensing Policy Bid Round – IX (OALP-IX) bid round, 28 blocks or areas spread over 1.36 lakh (100,000) square kilometer were offered for finding and producing oil and gas. Reliance and its supermajor partner bp plc had bid in just two of the past eight oil and gas bid rounds since 2017. Reliance-bp combine had bid and won the two blocks they had bid for in the previous rounds and this is the first time they have teamed up with ONGC to bid for a shallow water block in the Gujarat-Saurashtra basin. ONGC bid for 14 blocks alone and with partners such as state-owned Oil India Ltd (OIL) and Indian Oil Corporation (IOC) for four other blocks. After considering its bid with Reliance-bp, ONGC in all bids for 19 out of the 28 blocks on offer. Mining billionaire Anil Agarwal-owned Vedanta Limited (Vedanta Ltd.) bid for all the 28 blocks on offer while Sun Petrochemicals Private Limited (Sun Petrochemicals Ltd.) bid for seven areas. Of the 28 blocks on offer, four blocks got three bids each while the rest had two bidders, one being Vedanta Ltd. Blocks are awarded to firms offering the highest share of revenues generated from oil and gas produced from the blocks and the work programme they commit to. Of the 28 blocks offered in OALP-IX, nine are onshore blocks, eight shallow-water blocks and 11 ultra-deepwater blocks across eight sedimentary basins, with an area of 136,596.45 square kilometers (sq km).

Samsung Electronics Co., Ltd. (Samsung) – South Korean electronics manufacturer Samsung plans to invest US$1.8 billion for a factory this year in northern Vietnam to produce organic light-emitting diode (OLED) displays for automobiles and technology equipment, the Vietnamese government said on Sunday. The new facility for the manufacture of OLED displays will be located in Yen Phong industrial park in Bac Ninh province east of Hanoi and close to an existing Samsung electronics plant, the government said in a statement released after the meeting between Prime Minister Pham Minh Chinh and the General Director of Samsung Vietnam Choi Joo Ho. Bac Ninh authorities and Samsung Display on Sunday also signed a memorandum of understanding of the project, local media reported, adding the investment would raise Samsung's total investment in Bac Ninh to $8.3 billion from the current $6.5 billion.

Samsung - Taiwan Semiconductor Manufacturing Company Limited(TSMC). and Samsung Electronics Co Ltd. have discussed building major new factories in the United Arab Emirates in coming years to help satisfy soaring demand for artificial intelligence computing, the Wall Street Journal reported. Samsung has sent emissaries to the Middle Eastern country recently to talk about major new operations there, the Journal said, citing separate people with knowledge of the company's strategy. The Journal said the discussions are in early phases and the projects might not pan out, given the array of technical and other hurdles they face. Projects of the scale under consideration could cost more than US$100 billion to complete, the paper said. Samsung declined to comment. TSMC said in an emailed statement that it is focused on existing global expansions projects and it does not have new investment plans to disclose at this time. The United Arab Emirates (UAE) is angling to become a regional hub and testing ground for artificial intelligence (AI). That includes potentially backing an ambitious plan by OpenAI, Inc. (OpenAI) Chief Executive Officer (CEO) Sam Altman to expand machinery and systems for the technology. More broadly, the Gulf states have been trying to decrease their reliance on petrochemicals. They have been targeting the semiconductor industry as a growth opportunity for more than a decade. Abu Dhabi's Mubadala investment arm is the majority owner of GlobalFoundries Inc., the former factory operations of Advanced Micro Devices, Inc. That purchase was originally intended to lead to the building of a factory in the Middle East. But such efforts have struggled in part because the Gulf lacks the infrastructure needed to justify building chip plants, which cost tens of billions of dollars to construct and equip — and rapidly become obsolete if they're not updated. Chipmakers prefer to build the factories in clusters where they can take advantage of skilled worker pools, existing infrastructure, and proximity to suppliers and support.

Ares Management Corporation (Ares) – has announced the final closing of the Ares U.S. Real Estate Opportunity Fund IV (AREOF IV), raising over US$3.3 billion to invest in opportunistic real estate in the U.S. This fund represents the largest closed-end fundraise by Ares Real Estate to date, significantly exceeding the $2.2 billion raised for its predecessor. In combination with capital raised for its European opportunistic real estate strategy, Ares now has a total of $5.5 billion aimed at seizing attractive investment opportunities in both the U.S. and Europe. AREOF IV focuses on acquiring distressed real estate assets, enhancing undermanaged properties, and pursuing development projects in desirable submarkets. Recent investments include the $1.07 billion acquisition and redevelopment of the Hyatt Regency Orlando, one of the largest hotel transactions of 2024, and a preferred equity investment for the conversion of 55 Broad Street in New York City. The fund attracted commitments from a diverse range of investors worldwide, including sovereign wealth funds, public and corporate pensions, insurance companies, and family offices. Ares Real Estate manages approximately $52 billion in assets with a team of over 270 investment professionals across 17 local offices in key markets in the U.S. and Europe.

Brookfield Asset Management (Brookfied)– has announced a strategic partnership with Castlelake L.P., (Castlelake)acquiring a 51% stake in Castlelake's fee-related earnings for US$1.5 billion. As part of the partnership, Brookfield Wealth Solutions will invest in Castlelake's investment strategies and private funds. Castlelake was founded in 2005 by O'Neill and Carruthers and is one of the longest-tenured investment firms in the market that specializes in asset-based investments. Its experience entails 19 years of execution and $39 billion of capital deployment across more than 1,300 transactions globally. The firm manages approximately $24 billion of assets on behalf of more than 200 diverse institutional investors. Craig Noble, CEO of Brookfield Credit, noted the partnership will integrate Castlelake's asset-based investment capabilities into Brookfield's ecosystem to meet increasing demand for such opportunities.

Brookfield Corporation – Close Brothers Group plc has agreed to sell its wealth management unit, Close Brothers Asset Management (CBAM), to Oaktree Capital Management L.P. (Oaktree) for up to £200 million (US$265 million). The competitive U.K. wealth management market involves banks and traditional investment firms serving a wide range of clients. The deal, which includes a deferred £28 million in preference shares, values CBAM at 27 times its 2024 post-tax statutory operating profit and is expected to finalize in early 2025. Chairman Mike Biggs noted the sale's value for shareholders and its focus on simplifying the group to concentrate on core lending operations. Oaktree aims to invest in CBAM's service capabilities and technology to build a significant wealth business in the U.K.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

Toronto-Dominion Bank – TD Bank Group (TD) and CEO Bharat Masrani announced his intention to retire on April 10, 2025, after 38 years at TD and more than a decade as CEO. In line with TD's succession plan, the Board of Directors announced that Raymond Chun, Group Head, Canadian Personal Banking will be appointed to the Board of Directors and become Chief Operating Officer (COO), TD Bank Group, reporting to Mr. Masrani, effective November 1, 2024, with responsibility for all of TD's lines of business. The Board also announced its intention that Mr. Chun will become Group President and CEO, TD Bank Group, on April 10, 2025, at the Bank's next Annual Meeting of Shareholders. Following his retirement as CEO, Bharat Masrani will continue to serve as an advisor to TD until October 31, 2025.

"Bharat helped to build TD over almost four decades, and as CEO led the Bank through a period of profound change in our industry. He accelerated our transformation in the digital age, enhanced the competitiveness of our businesses, nurtured one of the world's most valuable brands, and steered TD through complexity with a steady hand," said Alan MacGibbon, Chair of the TD Bank Group Board of Directors. "The Board extends its deep appreciation for Bharat's significant contributions to TD."

"Ray is a dynamic leader with a long track record of success across multiple leadership roles. His proven ability to drive change, deliver outcomes, and build strong, high-performing teams will serve him well as he guides TD into the future," said MacGibbon.

Ray Chun joined TD's management training program in 1992 and assumed increasingly senior roles over the past 32 years. Throughout his career, he has developed strong teams and leaders, delivered exceptional customer experiences, improved the performance and strength of the businesses he led, and designed strategies to enhance competitiveness and performance. Among his various leadership roles, he has served as President of TD Direct Investing, President and CEO of TD Insurance, Group Head, Wealth Management and Insurance, and most recently Group Head, Canadian Personal Banking.

"I am delighted the Board has selected Ray as our next CEO," said Masrani. "Ray's deep knowledge of banking and his drive for results are matched only by his commitment to TD and the millions we serve. We are navigating a difficult moment, and I am confident that Ray's leadership will successfully guide this great institution into the future."

"I am honoured by the trust our Board has placed in me," said Chun. "TD is a critical part of our financial system and economy, and directly supports the financial goals of millions of households and businesses, and the aspirations of communities across Canada, the U.S. and globally. I am committed to the work ahead and energized by the opportunity to lead this outstanding Bank into the future."

The Bank of Nova Scotia (Scotiabank) - Scotiabank and ZayZoon, a financial empowerment platform, announced a strategic partnership to expand Earned Wage Access (EWA) in the Canadian market. EWA allows employees to access their earned wages before payday with an innovative solution that easily integrates into employers' payroll systems.

This collaboration will bring EWA to the forefront of employee benefits, offering greater financial flexibility and control for workers across Canada.

Many households face challenges when balancing budgets, managing unexpected expenses, and attempting to avoid high-interest debt. ZayZoon, Inc. (ZayZoon's) recent Canadian Employee Pulse Survey revealed an opportunity for employers to strengthen relationships with their employees. The survey found that 94% of workers want solutions that provide financial flexibility without the need for difficult conversations, and 81% of employees expressed enthusiasm for employers prioritizing their financial wellness. This highlights a growing trend where businesses can enhance job satisfaction and loyalty by investing in benefits that improve financial health. Through this partnership, Scotiabank business clients can now add EWA to their employee benefits package, supporting employee financial stability, improving job satisfaction, and reducing turnover, all aimed at boosting overall business performance.

"We are thrilled to be the only bank in the country to partner with this Canadian fintech to extend EWA across Canada," said Matthew Parker-Jones, Senior Vice President (SVP) of Global Transaction Banking. "This initiative aligns with Scotiabank's commitment to delivering solutions tailored to our clients' evolving needs and promoting financial wellness and innovation for Canadian employers and employees." This partnership allows Scotiabank's corporate and commercial clients to offer EWA without the costs and complexities of an internal wage advance program. Employees can deposit funds directly to their bank accounts through desktop and mobile devices, requiring no financial advance from employers. ZayZoon's technology integrates seamlessly into existing employers' payroll systems, providing a low-risk solution for Scotiabank's business clients. The security and scalability of this technology ensure a seamless experience for employers and employees alike.

By offering this flexible benefit, Scotiabank's business clients can support their employees' financial health, leading to a more engaged and resilient workforce. ZayZoon's pulse survey discovered that 61% of respondents declared that access to EWA would improve their overall financial well-being and reduce financial stress. In fact, 74% of employees using the ZayZoon platform report having less financial stress. Employers using EWA report a 29% reduction in turnover, an 8-hour-per-month reduction in absenteeism, and receive twice as many job applicants compared to those who don't. "As the financial landscape evolves, so must the benefits we provide. The Scotiabank and ZayZoon partnership marks a pivotal moment in advancing financial wellness and represents a significant step forward in our mission to save 1 million working Canadians 1 billion dollars (CAD)," said Darcy Tuer, Co-Founder and CEO of ZayZoon. "Our recent pulse survey revealed that 42% of Canadian workers experience significant financial stress multiple times a day or daily, and 66% say this stress impacts their work performance. This partnership addresses the urgent need for solutions like EWA. We're excited to work with Scotiabank to bring this innovative solution to Canadian businesses and their employees, giving them greater control and flexibility over their financial lives."

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

BeiGene, Ltd. (BeiGene) – announced that the Israeli Ministry of Health has approved TEVIMBRA® (tislelizumab) as a monotherapy for adults with unresectable or metastatic esophageal squamous cell carcinoma (OESCC) following prior systemic chemotherapy. Itzik Mizrahi, BeiGene Israel's General Manager, highlighted the significance of this approval, providing new treatment options for cancer patients in Israel, where access to such therapies has been limited. BeiGene is expanding TEVIMBRA's availability in Israel and has submitted additional applications for treatments targeting non-small cell lung cancer (NSCLC) and other cancers. TEVIMBRA has been part of numerous global trials, demonstrating survival benefits and improving quality of life for cancer patients across a range of tumor types. The drug has already been prescribed to over 900,000 patients globally and received approval in Europe for advanced esophageal cancer and a positive opinion for treating non-small cell lung cancer.

BridgeBio Pharma, Inc (BridgeBio)– announced that the Food and Drug Administration (FDA) has granted Breakthrough Therapy Designation to its oral drug, infigratinib, for the treatment of children with achondroplasia, a form of skeletal dysplasia. This designation is intended to expedite the development and review of drugs showing significant improvement over existing therapies. The designation was based on positive Phase 2 data from the PROPEL 2 trial, where infigratinib demonstrated a significant increase in annual height velocity and improved body proportionality in children. The global Phase 3 study, PROPEL 3, is currently enrolling participants. Infigratinib has also received several other designations, including Orphan Drug and Fast Track, indicating its potential as a pioneering oral treatment for achondroplasia. The drug may qualify for a Priority Review Voucher if approved.

Telix Pharmaceuticals Limited (Telix)– has announced its agreement to acquire RLS (USA) Inc. (RLS), a leading U.S. radiopharmacy network, significantly expanding Telix's North American manufacturing capabilities. The acquisition supports Telix's strategy of vertically integrating its supply chain, manufacturing, and distribution to ensure reliable delivery of future radiopharmaceutical products. With 31 radiopharmacies across major U.S. metropolitan areas, RLS will help Telix establish a radiometal production network for diagnostic and therapeutic isotopes, improving patient access across the country. RLS will continue operating independently under Telix Manufacturing Solutions while enhancing Telix's distribution network. The acquisition deal is valued at US$230 million, with potential deferred payments up to $20 million contingent on performance. The transaction is expected to close in early 2025, subject to regulatory approvals and other conditions.

Telix– announced the selection of Cardinal Health, Inc. (Cardinal Health) as its commercial distributor for Zircaix® (TLX250-CDx), a positron emission tomography (PET) agent used to image kidney cancer, pending regulatory approval in the U.S. The partnership will facilitate broad availability of Zircaix® across the U.S. via Cardinal Health's nuclear pharmacy network. This builds on their previous collaboration for the distribution of Illuccix®, another Telix product. Zircaix® is being developed as a non-invasive diagnostic tool for renal masses, distinguishing between clear cell renal cell carcinoma (ccRCC) and non-ccRCC. Telix's Phase III trial of TLX250-CDx demonstrated high accuracy, meeting all primary and secondary endpoints. Telix is also running expanded access programs in the U.S., Europe, and Australia to provide access to TLX250-CDx for patients without alternative options.

NUCLEAR ENERGY

Bloom Energy Corporation (Bloom) – In response to market feedback on the recent Korea Hydrogen Portfolio Standard auction, Bloom expects shipment volumes to Korea to remain consistent in 2024 and beyond. The company anticipates that its partner, SK ecoplant Co., Ltd., will purchase 500 megawatts (MW) of Bloom's solid oxide fuel cells between January 1, 2024, and December 31, 2027. Bloom is recognized as a leader in solid oxide fuel cell technology, achieving 60% electrical efficiency with hydrogen and 90% combined heat and power efficiency. The company is confident in its partnerships in Korea and the transformative potential of its fuel cells in the local energy market. The public auction is only one avenue for selling Bloom's energy servers in Korea, as the company has other development projects with its partners. The company remains committed to the Korean market through its manufacturing joint venture and expanding local supplier network.

Cameco Corporation (Cameco) – Westinghouse Electric Company LLC (Westinghouse) has submitted its eVinci™ Microreactor Preliminary Safety Design Report (PSDR) to the Department of Energy's National Reactor Innovation Center (NRIC), marking a significant milestone as the first reactor developer to reach this stage. This submission supports the siting of a test reactor at NRIC's Demonstration of Microreactor Experiments (DOME) test bed at Idaho National Laboratory (INL). The PSDR is part of the Front-End Engineering and Experiment Design (FEEED) process initiated by Westinghouse in October 2023, providing detailed safety and operational materials prepared by a dedicated team of over 300 engineers. Brad Tomer, acting director of NRIC, emphasized the importance of this milestone for advancing microreactor development. Jon Ball, President of eVinci Technologies at Westinghouse, noted that this submission is crucial for moving the eVinci Microreactor towards commercial operation, with plans for global deployment by the end of the decade. The team will next focus on developing a timeline for the End-to-End Reactor test program and submitting a Preliminary Documented Safety Analyses report.

Centrus Energy Corporation (Centrus) – The U.S. government is investigating potential links between China and Russia's nuclear industries, specifically whether China is importing enriched uranium from Russia and exporting its own production to the U.S. This scrutiny follows a U.S. ban on Russian uranium imports, enacted in December 2023 to disrupt funding for Russia's war in Ukraine. In December, shipments of enriched uranium from China to the U.S. surged to nearly 243,000 kilograms, a stark increase from previous years. The U.S. Department of Energy is monitoring these imports to ensure compliance with the Prohibiting Russian Uranium Imports Act and to prevent circumvention of the ban. The U.S. remains concerned that imports from China could include Russian uranium disguised as domestic production. Russia, the world's largest exporter of enriched uranium, has seen its U.S. imports decline by 30% this year, though some imports are allowed until 2028. China's imports of Russian enriched uranium have increased significantly, raising fears that China may be positioning itself to expand its role in the global uranium market. U.S. uranium companies are urging the government to increase tariffs on Chinese uranium imports due to concerns about market competition and potential circumvention of the Russian ban.

Constellation Energy Corporation (Constellation) – has signed its largest-ever power purchase agreement with Microsoft Corporation (Microsoft), which will restore Three Mile Island Unit 1 to service and pave the way for the Crane Clean Energy Center. The agreement comes amid rising electricity demands from tech companies driven by advancements in artificial intelligence and cloud computing. Nuclear energy is increasingly seen as a reliable, carbon-free option for meeting these power needs. Constellation plans to invest around US$1.6 billion to revive Unit 1 of the facility, which was retired in 2019. The project is expected to be operational by 2028 and will provide Microsoft with 835 MWs of energy over a 20-year period. The revival requires federal, state, and local approvals. As interest in nuclear power grows, significant support has emerged from tech leaders, including OpenAI CEO Sam Altman and Microsoft co-founder Bill Gates, who advocate for nuclear energy to meet the escalating demands of data centers.

Plug Power Incorporated (Plug) – has secured a significant order for 25 MW of proton exchange membrane (PEM) electrolyzer systems from Castellón Green Hydrogen Sociedad Limitada (S.L.) (Castellón) , a joint venture between British Petroleum (bp) and Iberdrola. The project will utilize five of Plug's 5 MW containerized PEM electrolyzers to produce green hydrogen for bp's Castellón refinery in Valencia, Spain, helping to decarbonize operations and avoid approximately 23,000 tons of CO2 emissions annually. This initiative aims to replace part of the refinery's current gray hydrogen, which is produced from natural gas, with green hydrogen. Plug CEO Andy Marsh emphasized the market potential for green hydrogen in Europe, which is crucial for achieving EU decarbonization targets. With 35 years of engineering expertise, including the acquisition of Frames in 2021, Plug is well-positioned to deliver proven technology. The company operates the largest PEM electrolyzer system at its Georgia hydrogen production plant and boasts a state-of-the-art Gigafactory in Rochester, N.Y., one of the largest PEM manufacturing facilities in the U.S. This deal marks the beginning of a long-term partnership with bp and is part of a phased project that could expand to up to 2 gigawatts (GW) of electrolysis capacity, furthering the decarbonization of bp's operations.

ECONOMIC CONDITIONS

CAD CPI (Consumer Price Index) fell 0.2% in August following a 0.4% increase in July, a decent clip below consensus expectations (in not seasonally adjusted terms). In seasonally adjusted terms, headline prices were up 0.12% after a 0.25% increase the prior month. This translated to an annual inflation rate of 2.0%, down from 2.5% in July and the lowest since February 2021. Prices increased in 5 of the 8 categories surveyed, namely, in order of magnitude, alcohol/tobacco (+0.6%), shelter (+0.4%), health/personal care (+0.3%), food (+0.2%), and recreation/education (+0.2%). Meanwhile, prices declined in clothing/footwear (-0.7%), household operations (-0.5%), and transportation (-0.4%). Annual inflation was above the national average in British

Columbia (+2.4%), Ontario (+2.1%) and in-line in Alberta (+2.0%). It was below that mark in Québec (+1.5%) and the rest of the provinces. Core inflation measures were as follows: 2.4% for CPI trim (down three ticks from last month) and 2.3% for CPI median (down one tick). As a result, the average of the two measures fell one tick (0.16) from 2.5% to 2.4%.

UK inflation landed right on top of consensus this month, with headline inflation unchanged at 2.2% year over year (y/y), core inflation rising to 3.6%, and services inflation rising to 5.6%. The increases in core and services inflation were largely on the back of base effects from 2023, with three-month services inflation continuing to show mild improvements (though offset by core goods prices). Ultimately, this isn't going to sway the Monetary Policy Committee (MPC) strongly one way or another. With services inflation at 5.6% (slightly below the Bank of England's(BoE) 5.8% estimate) and core wage growth around 5% y/y, there's no urgency to cut rates.

French Services Purchasing Managers' Index (PMI) more than completely unwound its August Olympics boost in September, falling from 55.0 to 48.3 and surprised the market significantly to the downside. Service-sector firms noted not only the post-Olympic decline in demand, but also a general backdrop of subdued consumption and cautiousness amongst buyers, alongside a notable easing in cost pressures. The Services PMI has been in expansion territory for only 3 months of this year, so September's data generally puts it back to where it was sitting for much of 2024. The Manufacturing PMI remained broadly unchanged in contraction territory at 44.

German Manufacturing PMI confirmed the downside lean, falling over two points to 40.3. Details of the report showed new business falling at the quickest rate in nearly a year, and the backlogs of work slowing sharply. Employment fell for the fourth consecutive month, as well. The Manufacturing PMI hasn't been above 50 in over two years, but today's data leaves it near the bottom of its recent 39-45 range, and when coupled with downside news on the Services PMI, shows the German economy continues to struggle. The silver lining is that the Services sector remains in expansion there, but if that changes, the region could be in trouble.

UK Flash September PMIs disappointed the market with both sliding roughly a point. The Manufacturing PMI came in at 51.5 while the Services PMI was 52.8, leaving the Composite PMI at 52.9. The downside surprises were far less severe in the UK than what was seen in this morning's euro area PMIs, however. In the UK, the PMIs have been trending up for the better part of a year now, and the 1pt decline looks more like a wiggle that generally keeps that gentle upward momentum intact. After growing at the fastest pace in the Group of Ten in the first half (G10 in H1), the UK has seen a few months of stagnant growth. But last week's August retail sales data and today's PMI data should bring some confidence that the growth trajectory will renew through the second half of this year.

UK retail sales for the month of August exceeded expectations, rising 1.0% month over month (m/m) (market: 0.4%). Strength was relatively broad based across components, with all but "other non-food stores" gaining in the month; Clothing & Footwear saw the strongest gains. This is welcome data after a string of disappointing monthly Gross Domestic Product (GDP) data (it's been flat 3 of the last 4 months), and is consistent with a pick-up in broader August activity data, as we've been expecting. Offsetting this positive data, however, was overnight Growth from Knowledge (GfK) consumer confidence data for September, which fell sharply, unwinding the last 6 months of gains. Ultimately, the retail sales data is going to have close to zero sway on the Monetary Policy Committee (MPC). Barring major upside surprises to services inflation, wages, or GDP in the October data-dump, the MPC is almost certain to cut rates by 25 basis points (bp) at its November meeting. Retail sales data, which represents only a very small portion of household spending, is unlikely to register much on their radar at all.

U.S. existing home sales fell more than expected, down 2.5% to 3.86 million annualized in August. That was the lowest level since October 2023 amid a 2.8% drop in single-family homes. Meantime, activity in the condominium market held steady at depressed levels. Overall, the housing market remained lacklustre at the tail end of the summer, with all four regions unable to post any growth at all. The median selling price climbed 3.1% y/y, though that marks a continued growth slowdown. The number of homes available for sale jumped 22.7% y/y, but the level still remains depressed. At the current pace, it would take 4.2 months to sell all homes on the market. That reflects a fairly tight market, though this is the longest duration since the 2020 shutdowns. Despite the overall economy holding up, the interest-sensitive housing market continues to take a beating. While mortgage rates are now well-below the near 8%-peak, many potential buyers remain reluctant to make a purchase until costs come down further amid the poorest affordability in decades. Meantime, would-be sellers are unwilling to give up favourable mortgage terms that were locked-in when rates were at rock-bottom. While the US Federal Reserve kick-started the easing cycle with a bigger 50-bp move, we suspect more rate cuts are needed to reignite the housing market.

U.S. Housing Starts rebounded by a better-than-expected 9.6% to 1.356 million annualized in August, marking the highest level since April. But, to put it all in perspective, starts are still at depressed levels and well below the 16-year high of 1.828 million reached during the peak of the 2022 housing frenzy. Construction of single-family units (+15.8%) jumped, while volatile multi-family residential units sagged (-4.2%). Starts were higher in all regions, except the Northeast. Building permits, a good proxy for future home construction, also beat expectations, rising 4.9% to 1.475 million annualized. While that marks a five-month high, permits have essentially gone nowhere since the start of last year. But, homebuilders are holding on to a flicker of optimism. For the first time in years, housing remains a key issue in the presidential race. Meantime, expected US Federal Reserve easing will likely reinvigorate housing demand.

U.S. retail sales: American consumers remain active, but the US Federal Reserve may have other reasons to kick off the easing cycle with a bang. Retail sales unexpectedly rose in August, albeit slightly. Casting the 0.1% advance in a better light is that the prior month's leap was adjusted a bit higher to 1.1%, and lower core consumer goods prices suggest retail volumes were solid in August. Sales were mixed across outlets, as declines at gas stations (partly price related), auto dealers, and clothing and furniture stores were just offset by gains at health and personal care stores and non-store retailers. The control measure that feeds into the Bureau of Economic Analysis (BEA)'s estimate of monthly personal spending rose a solid 0.3% following an upwardly-adjusted rise of 0.4% in July. This suggests some mild upside risk of a pickup in real consumer spending growth to 3.3% annualized in third quarter (Q3), amid support from rising real wages and wealth.

FINANCIAL CONDITIONS

Reserve Bank of Australia (RBA) kept rates on hold as expected at 4.35% and the statement pointed to no change in the Board's assessment and monetary policy stance. However, the rates market began to rally early on in Governor Bullock's Press Conference when she stated the Board did not explicitly consider a hike at today's meeting. The Board has debated hiking versus holding at its May, June and August meetings and the September meeting marks the first meeting since March when a rate hike was not explicitly discussed. The market is sensing a policy shift, but fundamentals provide no compelling case for an RBA cut this year.

The Bank of Japan (BoJ) left the policy rate unchanged at 0.25% in a unanimous vote with few changes to the policy statement since July. A dovish Ueda noted that upside inflation risks have eased and the BoJ has more time to mull the next hike, which suggests that an October hike is ruled out. During the Q&A session, Ueda cautioned the need to observe the impact of the past 2 rate hikes this year when asked on the neutral rate and skirted the possibility of another hike before year-end. As for the policy outlook, Ueda said he's watching closely the October services inflation data and the wage negotiation discussions for next year and both of which we think will be crucial in deciding if the Bank of Japan hikes again in December which is our base case. In summary, Ueda disappointed Japanese Yen (JPY)bulls and reverted to his dovish norms. JPY volatility may stay elevated in the near-term as we head into the home stretch of the Liberal Democratic Party (LDP) leadership race next week, with frontrunners (i.e., Ishiba and Takaichi) having quite contrasting monetary policy views.

The US Federal Reserve (Fed) cut interest rates by half of a percentage point on Wednesday, kicking off what is expected to be a steady easing of monetary policy with a larger-than-usual reduction in borrowing costs that followed growing unease about the health of the job market. "The committee has gained greater confidence that inflation is moving sustainably toward 2%, and judges that the risks to achieving its employment and inflation goals are roughly in balance," policymakers on the U.S. central bank's rate-setting committee said in their latest statement, which drew a dissent from Governor Michelle Bowman who favored only a quarter-percentage-point cut. Policymakers see the US Fed's benchmark rate falling by another half of a percentage point by the end of this year, another full percentage point in 2025, and by a final half of a percentage point in 2026 to end in a 2.75%-3.00% range. The endpoint reflects a slight upgrade, from 2.8% to 2.9%, in the longer-run federal funds rate, considered a "neutral" stance that neither encourages nor discourages economic activity. Even though inflation "remains somewhat elevated," the US Fed statement said policymakers chose to cut the overnight rate to the 4.75%-5.00% range "in light of the progress on inflation and the balance of risks." The US Fed "would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals," with attention to "both sides of its dual mandate" for stable prices and maximum employment. The size of the initial cut will likely raise questions about the US Fed's strategy, and whether policymakers were merely trying to account for the fast decline in inflation since last year, or address concerns among some officials that the U.S. job market may be weakening faster than desired or needed to ensure inflation fully returns to the Fed's 2% target. It is currently about half a percentage point above that, and the new economic projections now show the annual rate of increase in the personal consumption expenditures price index falling to 2.3% by the end of this year and down to 2.1% by the end of 2025. The unemployment rate is seen ending this year at 4.4%, higher than the current 4.2%, and remaining there through 2025. Economic growth is seen at 2.1% through 2024 and 2% next year, the same as in the last round of projections issued in June. The US Fed had held its policy rate in the 5.25%-5.50% range since July of 2023 as inflation fell from a 40-year high to a level that is now approaching the central bank's target.

The U.S. 2 year/10 year treasury spread is now 0.2% and the U.K.'s 2 year/10 year treasury spread is 0.03%. 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 6.09%. Existing U.S. housing inventory is at 4.2 months supply of existing houses as of Sept 19, 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 15.80 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

Net Asset Value:

The Net Asset Values (NAV) of our investment funds are published on our Portland website at www.portlandic.com/prices

We want to share our insights with you and welcome your feedback. Our website has the latest, as well as archived videos, company profiles, and press articles. Please visit us at www.portlandic.com

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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