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NEWS HIGHLIGHTS

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

NOVEMBER 18, 2024

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) – Star India Private Limited (JioStar), the entity created from the merger of Reliance's media business with The Walt Disney Company's (Disney) India operations, is looking to capture a large chunk of the nation's US$28 billion entertainment market currently dominated by Netflix, Inc. (Netflix) and Amazon.com Inc. (Amazon). The streaming service aims to do that by offering affordable options for India's cost-conscious consumers, Uday Shankar, vice chairman of the venture, said in an interview with Bloomberg Television's Haslinda Amin on Friday. The company, which claims to reach 750 million of India's market, will design digital products and solutions for what he described as "many Indias in India." India is one of the fastest growing media markets in the world, thanks to a large young and digital-savvy population that consumes a lot of sports and entertainment content. The country's diverse regional cultures and languages present both challenges and opportunities for global streaming players looking to crack the market. While Paramount Global, Inc. and Disney sold their business to Reliance, Netflix and Amazon's Prime Video have focused on growing their subscriber-base through more local content. Reliance has invested Rs115 billion (US$1.4 billion) into the joint venture for its growth, Reliance Industries said in a statement Thursday. JioStar has streaming and broadcasting rights ranging from cricket and football games to Hollywood films and dramas. With more than 50 million subscribers on JioCinema and Disney+ Hotstar platforms, JioStar achieves a dominant position in the streaming industry.

Reliance - entered into a Memorandum of Understanding (MOU) with the Andhra Pradesh government on Tuesday to set up compressed biogas projects in the State, with a proposed investment of ₹65,000 crore (Rs65 billion). The investment will create employment for around 250,000 people with an estimated financial benefit of around ₹57,650 crore (Rs576.5 billion) in state goods & service tax collection, electricity duty, and taxes on employment for Andhra Pradesh over a period of 25 years. Reliance proposes to establish 500 Compressed Bio Gas plants over the next four to five years in the State. The company has proposed utilisation of available wastelands in the State for setting up the plants, each of which will require an investment of ₹130 crore (Rs13 billion).

Samsung Electronics Co., Ltd. (Samsung) – plans to buy back about 10 trillion won (US$7.2 billion) of its own stock over the next year, putting in motion one of the larger shareholder return programs in its history. Korea's biggest company will repurchase the stock in stages over the coming 12 months, it said in a regulatory filing Friday. As a first step, it will buy back about 3 trillion won of paper starting Monday and up till February 2025, all of which it will cancel. The board will deliberate how best to effect the remaining 7 trillion won of buybacks. Samsung's shares rose as much as 8.6% Friday before the buyback announcement. Its stock is trading at a discount of more than 10% to the consensus estimate for its one-year forward accounting book value, according to data compiled by Bloomberg. In October, Samsung declared progress in qualifying and supplying its most advanced AI memory chips to Nvidia Corporation. The Korean company now expects to sell its most advanced HBM3E memory chips in the fourth quarter (Q4), Jaejune Kim, executive vice president of Samsung's memory business, said on an earnings call at the time.

Berkshire Hathaway Inc. (Berkshire) – announced new investments in Domino's Pizza, Inc. (US$549 million for 1.28 million shares) and Pool Corporation (POOLCORP) ($152 million for 404,000 shares) during the third quarter (Q3) of 2024. Despite these investments, Berkshire sold $36.1 billion in stocks during the quarter, including significant reductions in Apple and Bank of America, while only purchasing $1.5 billion. Year-to-date, it has sold $133.2 billion in stocks and purchased $5.8 billion, increasing cash reserves to $325.2 billion. This marks the first pause in Berkshire's stock repurchase program since 2018. Berkshire also added to its stake in Heico Corporation and exited investments in Floor & Decor Holdings, Inc., as well as most of its Ulta Beauty, Inc. holdings. The shift aligns with Buffett's cautious approach to current market valuations, keeping cash on hand for potential acquisitions while he remains in charge. Berkshire continues to hold diverse businesses, including Government Employees Insurance Company (Geico), BNSF Railway Company, and numerous consumer, energy, and industrial companies.

Brookfield Asset Management Ltd. (Brookfield) – Segro plc (Segro), a United Kingdom (UK)-based warehouse landlord, has announced plans to acquire six properties in Germany and the Netherlands from Tritax EuroBox plc (Tritax EuroBox) for €470 million (US$499.1 million) as part of a conditional agreement with Brookfield. The agreement is subject to Brookfield's completion of its €1.1 billion acquisition of Tritax EuroBox, including debt. This deal follows Brookfield's recent success in outbidding Segro for the full takeover of Tritax EuroBox. The properties will expand Segro's presence in the European logistics market, which has been resilient amid broader struggles in the commercial real estate sector due to sustained demand from the e-commerce boom. The acquisition is part of a broader trend in the commercial real estate sector, with major transactions such as Tritax Big Box's US$1.2 billion acquisition of UK Commercial Property and LondonMetric Property plc's deal for LXI REIT plc. In September, Blackstone Inc. also acquired an 80% stake in a European warehouse portfolio operated by Burstone Group. Segro's focus on high-demand logistics properties positions it to capitalize on the ongoing growth in e-commerce-driven warehousing needs.

Brookfield Corporation (Brookfield Corp.) – reported record Q3 2024 results, with distributable earnings up 19% to US$1.3 billion and total net income of $1.5 billion. The company repurchased $1 billion in shares over the past year and declared a quarterly dividend of $0.08 per share. Key highlights include a 23% increase in fee-bearing capital to $539 billion in its asset management business, $115 billion in insurance assets with strong annuity sales, and 4% same-store NOI (Net Operating Income) growth in its real estate portfolio. Brookfield Corp. completed $30 billion in financings, advanced $17 billion in asset sales, and maintained over $150 billion in deployable capital. The company expects continued earnings growth in 2025, targeting 15%+ long-term shareholder returns.

Brookfield Corp – Brookfield Wealth Solutions reported strong Q3 2024 financial results, with distributable operating earnings (DOE) rising to US$370 million, more than double the prior year's $182 million. Year-to-date DOE reached $947 million, driven by acquisitions, notably American Equity Investment Life Insurance Company (AEL), strong annuity sales, and higher investment income. Key achievements included originating $4 billion in proprietary investment strategies with returns over 8%, $4 billion in annuity sales for the quarter ($12 billion year-to-date), and reinsuring £1.08 billion ($1.4 billion) in UK pension liabilities. Net income for the quarter was $65 million, reflecting robust operating performance despite interest rate and market volatility. The company remains in a strong liquidity position with $31 billion in cash and short-term investments and $21 billion in long-term investments, enabling continued portfolio rotation into higher-yielding assets while maintaining stress-event resilience.

LVMH Moët Hennessy Louis Vuitton SE (LVMH) – Bernard Arnault, chairman of LVMH, has appointed his son Alexandre as Deputy Chief Executive Officer (CEO) of the group's wine and spirits division, Moët Hennessy, as part of a leadership reshuffle aimed at addressing declining sales in key markets like the U.S. and China. Alexandre, 32, will work under Jean-Jacques Guiony, LVMH's longtime Chief Financial Officer (CFO), who will also become CEO of Moët Hennessy. The division, which includes brands such as Moët & Chandon and Hennessy cognac, has been the group's worst performer, with sales dropping 8% in the first nine months of the year. The slump is attributed to weakened demand for cognac in China amid trade tensions and import duties, as well as declining Champagne sales in the United States (U.S.) Alexandre Arnault is transitioning from Tiffany & Company, where he led a significant brand overhaul, including a high-profile flagship renovation and marketing initiatives. Known for his connections with the Trump family, Alexandre's move to Moët Hennessy comes as the division faces potential challenges from the U.S., where import tariffs have been threatened by the incoming president. Jean-Jacques Guiony, who has been instrumental in projects like the redevelopment of La Samaritaine in Paris, will be succeeded as CFO by his deputy, Cécile Cabanis. Outgoing Moët Hennessy CEO Philippe Schaus will support the transition team until mid-2025. This reshuffle aligns with Bernard Arnault's broader strategy to position his children in key roles as part of a generational shift in leadership within LVMH.

DIVIDEND PAYERS

GO TO PORTLAND GLOBAL BALANCED FUND[1]

ATCO Limited (ATCO) - announced third quarter (Q3) 2024 adjusted earnings of US$91 million ($0.81 per share), $10 million ($0.10 per share) higher compared to $81 million ($0.71 per share) in Q3 of 2023. Q3 earnings attributable to Class I and Class II Shares reported in accordance with International Financial Reporting Standards (IFRSs) were $93 million ($0.83 per share), $2 million ($0.03 per share) higher compared to $91 million ($0.80 per share) in Q3 of 2023. IFRS earnings include timing adjustments related to rate-regulated activities, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings. ATCO. successfully closed the previously announced acquisition of NRB Bank Limited, a leading Canadian manufacturer of modular industrial, educational and residential buildings. The transaction closed on August 30, 2024, for a purchase price of US$40 million, subject to normal closing adjustments. ATCO. awarded a $14 million contract to design, supply, transport and install a 29-unit, two-storey mine dry facility in support of a mining operation in Western Canada. Manufacturing is scheduled to commence in Q4 of 2024 with delivery and installation expected in the second quarter (Q2) of 2025. In September 2024, ATCO Energy Systems announced the filing of a comprehensive regulatory application that establishes the need for the Yellowhead Mainline natural gas project and represents the first of two applications to the Alberta Utilities Commission. This is a significant milestone for the advancement of the project. Subject to regulatory and company approvals, construction is expected to commence in 2026 and the pipeline is expected to be on-stream in Q4 of 2027. ATCO EnPower remains committed to hydrogen development within Alberta's Industrial Heartland and has signed a Letter of Intent with Linde Canada Inc. (Linde). ATCO EnPower and Linde are working alongside other parties to further the development and commercial success of the AH3 project, with the objective to commence Front End Engineering Design (FEED) in Q4 of 2024 and advance both domestic and export offtake opportunities. The project has significant potential to supply hydrogen to domestic and international markets, including the Alberta gas grid, industrial, municipal, and commercial transport users. The parties continue to work with supportive Federal and Provincial governments to establish policy and frameworks that facilitate investment in the Canadian hydrogen economy of both export and domestic opportunities, and to work with First Nations for their participation in the development of and ownership in the project. In September 2024, ATCO EnPower successfully produced hydrogen through two 1-MW electrolyzers that were constructed and commissioned in Edmonton and Calgary. This is a significant milestone for ATCO EnPower's partnership with Canadian Pacific Kansas City Limited that was announced in Q2 of 2022, to provide engineering, procurement and construction services for two hydrogen production and refueling facilities in Calgary and Edmonton. Subsequent to quarter end, on November 8, 2024, ATCO Gas Australia received the final AA6 decision from the Economic Regulation Authority (ERA). This final decision is a result of a constructive and collaborative regulatory process. The decision from the ERA approves the prices for ATCO Gas Australia's gas distribution network for the next five years. Their decision is underpinned by a five-year capital expenditure program, a five-year operating cost forecast, the demand forecast of throughput on the natural gas distribution network in Western Australia and included an evaluation of the capital expenditure program completed during the AA5 period to confirm the capital expenditures met the regulatory criteria. The decision also determines the rate of return for the AA6 period, which adopts a ROE of 8.23 per cent, compared to 5.02 per cent in the previous Access Arrangement. ATCO incurred $414 million in capital expenditures in of 2024, of which 94 per cent was invested in our regulated utilities in ATCO Energy Systems and ATCO Australia, and 6 per cent mainly in ATCO EnPower. On October 10, 2024, ATCO Ltd. declared a Q4 dividend of 48.98 cents per share or $1.96 per share on an annualized basis per Class I non-voting and Class II voting share.

LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

Amgen Inc. (Amgen) – issued a statement on the Phase 1 data for MariTide, an investigational drug for the treatment of obesity, confirming that the study did not show any association between the drug and changes in bone mineral density. The company emphasized that there were no bone safety concerns arising from the Phase 1 results and reiterated its confidence in the potential of MariTide. Amgen also reaffirmed its plans to share topline data from the Phase 2 study later this year.

BeiGene, Ltd. (BeiGene) – reported Q3 2024 financial results, with US$1 billion in revenue. The company posted its second consecutive quarter of positive non-GAAP operating income. BRUKINSA, its leading treatment for chronic lymphocytic leukemia (CLL), generated $690 million in global sales, maintaining strong market leadership. BeiGene also expanded its oncology pipeline with four new drug candidates entering clinical trials, bringing the total to eight for 2024, and the company reaffirmed that it remains on track to exceed its goal of 10+ new molecular entities by year-end. The company is advancing a range of therapies for both hematology and solid tumors, including PD-1 inhibitor TEVIMBRA, while leveraging innovative platforms like multi-specific antibodies and antibody-drug conjugates.

BridgeBio Pharma, Inc. (BridgeBio) – reported business and clinical progress in Q3 2024. The company's late-stage pipeline continues to advance, with three Phase 3 readouts expected in 2025. As of September 30, 2024, the company had US$406 million in cash and expects significant milestone payments upon approval of acoramidis.

Nuvalent, Inc. (Nuvalent)– reported progress in its pipeline for Q3 2024. The company highlighted its advances in developing targeted kinase inhibitors for cancer and emphasized an accelerated timeline toward its first approved product by 2026. Nuvalent appointed oncologist Alice Shaw, M.D., Ph.D., to its Scientific Advisory Board. The company also strengthened its financial position, with US$1.2 billion in cash and marketable securities, including proceeds from a $575 million upsized public offering, which is expected to fund operations through 2028.

Olema Pharmaceuticals, Inc. (Olema) – reported developments in Q3 2024, during which the company released preclinical data for its novel KAT6 inhibitor, OP-3136, showing enhanced anti-tumor activity in combination with palazestrant, an investigational drug for a specific type of breast cancer. The company will present new clinical data for palazestrant in combination with ribociclib at the upcoming San Antonio Breast Cancer Symposium. Olema expects to submit an IND for OP-3136 by the end of 2024, with clinical studies planned to begin in early 2025. As of September 30, 2024, the company had US$214.8 million in cash, cash equivalents, and marketable securities.

Perspective Therapeutics, Inc. (Perspective) – reported progress in Q3 2024, advancing its investigational therapies, including [212Pb]VMT01 for metastatic melanoma, both as a monotherapy and in combination with nivolumab. The company is also set to present initial data from its Phase 1/2a study of [212Pb]VMT-α-NET for neuroendocrine tumors at the upcoming North American Neuroendocrine Tumor Society Symposium. Additionally, Perspective has begun shipping investigational products from a second manufacturing facility in New Jersey, with further facility expansion underway. The company expects its current cash balance of approximately US$268 million to fund operations and capital investments through mid-2026.

Schrödinger, Inc. (Schrödinger)– reported Q3 2024 total revenue of US$35.3 million. The company announced a $150 million upfront payment from Novartis AG (Novartis) for a new multi-target collaboration, with potential milestone payments of up to $2.3 billion. Schrödinger also expanded its software agreement with Novartis, increasing access to its computational modeling technology. As of September 30, 2024, Schrödinger had cash and marketable securities totaling $398.4 million.

NUCLEAR ENERGY

Bloom Energy Corporation (Bloom) – has signed an agreement with American Electric Power (AEP) for up to 1 gigawatt (GW) of its fuel cell products, with an initial order for 100 megawatts (MW). This deal, one of the largest commercial fuel cell procurements to date, will help meet the growing energy demands of Artificial Intelligence (AI) data centers. Bloom's fuel cells can operate on a blend of natural gas and hydrogen, providing flexibility for future carbon reduction.

České Energetické Závody (ČEZ) – announced that Daniel Beneš has been re-elected as Chairman of the Board of Directors of ČEZ for another four-year term. The Supervisory Board confirmed his reappointment, with his current term set to end at the close of next year.

Oklo, Inc. (Oklo) – announced plans to acquire Atomic Alchemy, Inc. (Alchemy) for US$25 million in an all-stock deal, expanding into the $55 billion radioisotope market. The acquisition integrates Oklo's advanced nuclear and fuel recycling technologies with Alchemy's radioisotope production expertise, targeting applications in cancer treatment, clean energy, and semiconductors. This move diversifies Oklo's revenue streams, with initial earnings from radioisotope production expected before reactor completion. The acquisition also supports U.S.-based production to address global supply shortages and reduce reliance on foreign suppliers. Oklo's advanced capabilities, including Neutron Transmutation Doping (NTD) for semiconductors, position it to serve industries such as biotech, defense, and space. The transaction is expected to have minimal impact on Oklo's 2024 financial outlook while reinforcing its leadership in advanced nuclear technology.

Oklo – reported a Q3 2024 GAAP EPS of -$0.08, missing estimates by $0.03, with a year-to-date net loss of $63.3 million and $24.9 million in operating cash outflows. The company held $288.5 million in cash and marketable securities, bolstered by $276 million in net proceeds from its deal closure. Year-to-date operating losses reached $37.4 million, in line with its projected full-year loss of $40–$50 million. Oklo secured partnerships with two major data center providers for up to 750 MW of power, growing its customer pipeline to 2,100 MW. The company plans to submit its combined license application to the U.S. Nuclear Regulatory Commission in early 2025, targeting advanced nuclear deployment by 2027. CEO Jacob DeWitte highlighted Oklo's readiness to lead bold energy solutions in an AI-driven world.

Plug Power Inc. – reported progress in Q3 2024, with revenue of US$173.7 million driven by increased electrolyzer deployments, expanded hydrogen network, and improved manufacturing leverage. The company achieved a 31% quarter-over-quarter(q/q) improvement in operating cash flows, reflecting better margins and working capital efficiency.

Societatea Națională Nuclearelectrica S.A. (Nuclearelectrica) – Romania's state-owned nuclear producer Nuclearelectrica has signed a €3.2 billion engineering contract with a consortium of AtkinsRéalis Group Inc., Fluor Corporation, Sargent & Lundy LLC, and Ansaldo Nucleare S.p.A. to add two 700 MW reactors to the Cernavoda nuclear plant. Using Canadian CANDU technology, the reactors are scheduled for completion by 2031 and 2032. Once operational, Units 3 and 4 will boost nuclear energy's share to 66% of Romania's clean energy output. The project, supported by U.S. Exim Bank funding, marks a significant milestone, with Romania's Energy Minister declaring it a "path of no return." Previous cost estimates for the project ranged from €6.5 to €7 billion.

Nuclearelectrica – reported a 35% year-on-year drop in net profit to 1.285 billion lei (€258.2 million) for the first nine months of 2024, driven by a 38.9% decrease in electricity prices despite stable sales volumes. Operating profit (EBITDA) fell 28.1% to 1.811 billion lei, while operating income declined 40% to 3.395 billion lei, reflecting lower electricity revenues. Electricity production decreased by 4.1% to 7,311 GWh, while total assets slightly declined to 13.064 billion lei, and liabilities dropped to 1.145 billion lei. Nuclearelectrica also signed an agreement with France's Framatome to produce Lutetium-177, a cancer-treatment isotope, at the Cernavoda plant. The company, majority-owned by the Romanian government (82.5%), operates two 700 MW reactors, contributing 20% of the country's electricity.

ECONOMIC CONDITIONS

UK Unemployment and Wages - UK labour market data continued to paint a mixed picture of the labour market in the three months to September. Headline wage growth surprised considerably to the upside at 4.3% in Q3 (market: 3.9%), and both the ex-bonus wage measure and the private sector ex-bonus wage measure (that the Monetary Policy Committee looks at most closely) rose 4.8% y/y, a tick above the market's expectations. That said the ex-bonus measure was in line with the Monetary Policy Committee's forecast from last week of 4.8%

year-over-year (y/y). The unemployment rate was a real surprise here, jumping to 4.3% after 4.0% last month, but it's worth reiterating again that the quality of the data is so low that the Office for National Statistics official guidance is not to look at it too closely, and the Monetary Policy Committee heeds this. Employment growth itself, something we don't look at too closely as it's so noisy, surprised to the downside, falling sharply from 373 thousand (k) last month to 220k this month (market: 287k).

U.S. CPI - In the U.S., the Consumer Price Index (CPI) rose 0.2% in October, in-line with the median economist forecast calling for a 0.2% print. This came in the wake of another 0.2% gain the prior month. Price in the energy segment were flat as declines for fuel oil (-4.6%) and gasoline (-0.9%) were offset by the sub-indices tracking the cost of electricity (+1.2%) and piped gas services (+0.3%) both rose in the month. The cost of food, meanwhile, advanced 0.2% in October, and followed the largest progression in 20 months in September. The core CPI, which excludes food and energy, rose 0.3% for the third month in a row, in-line with consensus expectations for a 0.3% print. The price of core goods (+0.0%) were flat in the month following an increase in the prior. Gains for used cars/trucks (+2.7%) were offset by regressions for apparel (-1.5%) as well as medical care commodities (-0.2%). The cost of new cars, on the other hand, were flat in the month. Prices in the ex-energy services segment, for their part, moved up 0.3%. The shelter component saw a pickup of 0.4%, but the latter was matched by gains for transportation services (+0.4%), and medical care services (+0.4%). Year on year, headline inflation rose to 2.6%, up from the 43-month low of 2.4% in the prior month and matching the consensus estimate. The 12-month core measure was also as expected, as it remained at 3.3% in October.

Australian Employment - Jobs growth in Australia disappointed slightly and cooled to +15.9 thousand (k) (consensus: 25k, prior: 61.3k) after a record run in the past 4 months (>50k jobs added). Full time jobs only rose 9.7k (prior: 48.8k) while part-time jobs added 6.2k (prior: 12.5k). Participation rate also eased to 67.1% from 67.2% which kept the unemployment rate unchanged at 4.1%. Employment-to-population ratio remained at historical highs while hours worked (SA) also rose in line with employment and in total suggest a still-tight labour market. Considering today's jobs report, we doubt the Reserve Bank of Australia is in a hurry to cut rates and we changed our call last week, expecting the first cut in August 2025.

U.S. Retail Sales - In the U.S., retail sales rose 0.4% in October, slightly more than the +0.3% print expected by consensus. The prior month's result, for its part, was revised up from +0.4% to 0.8%. Sales of motor vehicles and parts were up 1.6% on a monthly basis and thus strongly contributed to the headline print. Without autos, outlays rose a more mitigated 0.1%, below consensus expectations, as gains for electronics/appliance stores (+2.3%), food services/drinking places (+0.7%) and building materials (+0.5%) were partially offset by declines for miscellaneous items (-1.6%), furniture (-1.3%) and health/personal care items (-1.1%). In all, sales were up in 8 of the 13 categories surveyed. Core sales (i.e. sales excluding food services, auto dealers, building materials, and gasoline stations), which are used to calculate GDP, contracted 0.1%, falling short of the 0.3% increase expected by consensus.

Canadian Manufacturing Sales - Manufacturing sales declined 0.5% in September, a result 3 ticks better than consensus expectations calling for a -0.8% monthly decrease. The prior month's result, meanwhile, was unrevised at -1.3%. Lower sales stemmed from non-durable goods (-1.9%) as durable goods producing industries rose in the month (+1.0%). On the non-durable goods front, the pullback was essentially due to deteriorations for petroleum/coal products (-7.5%) while chemical manufacturing (-1.6%) and plastics/rubber products (-0.7%) declined to a lesser extent. These regressions were more than enough to offset rises from paper manufacturing (+1.6%) and beverages/tobacco products (+1.0%). On the durable goods side, the increase was diffuse and stemmed from progressions in primary metal manufacturing (+2.2%), computer/electronic products (+5.7%), and wood product manufacturing (+1.8%), among others. These gains were more than enough to offset losses for furniture/related products (-1.0%) and non-metallic mineral products (-0.4%). Focusing on the transportation equipment industry, the slight gain (+0.5%) was not from widespread strength as the increase for motor vehicles (+2.9%) and parts (+1.0%) was nearly offset by aerospace parts and products (-4.2%) and railroad rolling stock (-20.7%). In total, sales were down in 10 of the 21 industries covered. At the provincial level, four of the ten provinces recorded a monthly increase with the largest improvements occurring in Newfoundland/Labrador (+30.0%), New Brunswick (+5.3%) and British Columbia (+1.0%). Quebec posted the largest decline (-1.1%) followed by Saskatchewan (-8.4%), Manitoba (-5.9%) and Alberta (-0.9%). Ontario was basically flat in the month. With the price effect removed, total factory sales were down 0.4% in September while real inventories declined 0.5%. As a result, the real inventory-to-sales ratio remained at 1.72, a mere two ticks below the highest level in the post-pandemic period. The not seasonally adjusted capacity utilization rate of all manufacturing sectors fell to 78.6% in September from 79.5% in August.

FINANCIAL CONDITIONS

The U.S. 2 year/10 year treasury spread is now 0.13% and the U.K.'s 2 year/10 year treasury spread is 0.06%. 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 4.3 months supply of existing houses as of Oct 23, 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 15.55 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

And Finally: *"Successful investing is anticipating the anticipations of others." ~John Maynard Keynes*

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Glossary of Terms: 'CET' core equity tier, 'EBITDA' earnings before interest, taxes, depreciation and amortization, 'EPS' earnings per share, 'FCF' free cash flow, 'GDP' gross domestic product, 'ROE' return on equity, 'ROTE' return on common equity, 'ROTCE' return on tangible common equity, 'conjugate" a substance formed by the reversible combination of two or more others.

1.Not all of the funds shown are necessarily invested in the companies listed

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PIC24-065-E(11/24)