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# NEWS HIGHLIGHTS

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

## FEBRUARY 10, 2025

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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)** – Trent Limited (Trent) erased US$2 billion in stock market value over two days on concern from Shein Group Limited's (Shein) entry into India may challenge the Tata Sons Private Limited (Tata Group) firm's dominance of the domestic fast-fashion space. Shares of Trent saw their biggest fall in three months, closing 6.3% lower in a second day of decline, following news last Monday that the Shein has made a comeback to India in partnership with Reliance. With Shein restarting its India operations with Ambani's company, Trent's market share in fast fashion will be challenged. Trent is India's fastest-growing apparel retailer and has so far successfully thwarted consumption slowdown in the country as its value-for-money Zudio brand continues to lure shoppers through brick-and-mortar stores, offering fast fashion for bargains of as low as 500 rupees (US$5.7). Shein's mobile app and India website, Sheinindia.in, were launched last week by NextGen Fast Fashion Limited., a wholly owned subsidiary of Reliance Retail Ventures Limited.

**Reliance** - chairman Mukesh Ambani on Wednesday said that the group will double its investment in West Bengal by the end of the decade. In 2016, when he first attended this summit, Reliance's investments stood below ₹2,000 crore. Today, in less than a decade, Reliance investments in Bengal have increased 20 times, and to over ₹50,000 crore. The Reliance chairman also added that the investments have created over one lakh (100,000) direct jobs and spurred significant economic growth in West Bengal. Ambani also highlighted that Reliance has modified its Data Centre in Kolkata to a state-of-the-art AI-ready Data Centre, and that it will be ready in the next nine months. He also added that Reliance Jio Infocomm Limited (Jio) was building Bengal's first cable landing station in Digha. He added that the group's new initiative Swadesh will help expand Bengal's artisan economy in other cities of the country and across the world and Reliance's New Energy Initiative, starting operations by the end of 2025 would like to contribute to Bengal's green economy.

**Reliance** - In a strategic move, Reliance is all set to make its foray into the beauty segment. Reliance, after proving its dominance in almost every sector, will launch a premium brand under its beauty platform, Tira, offering a wide array of Ayurveda-based products (derived from the ancient Indian system of medicine) including skincare, body care, hair care, and wellness items, according to company sources. According to the reports, the product categories under the upcoming brand will include night and day creams, body lotions, soaps, shampoos, conditioners, and more. Reliance has already completed product testing for the Ayurvedic range. Reports further add that Reliance will launch the products by April 2025, as the company aims to capitalize on the growing demand for natural and beauty products in India. The entire production process, from formulation to packaging, will be conducted in-house within the Reliance ecosystem, according to a Times Now report. Reliance Retail Ventures Limited's (Reliance Retail) entry into the Ayurvedic beauty sector aligns with its continued impressive growth. In the fourth quarter (Q4) 2024, Reliance Retail recorded a gross revenue of ₹90,333 crore, marking an 8.8% year-on-year (y/y) increase. Net profit for the period climbed 10% to ₹3,485 crore. The retail division now manages 19,102 stores, catering to nearly 296 million customers.

**Ares Management Corporation (Ares)** – has named Kipp deVeer and Blair Jacobson as Co-Presidents, effective immediately. They will report to Chief Executive Officer (CEO) Michael Arougheti and shift from their roles in the Credit Group to focus on firm-wide strategy, investor relations, and leadership development. DeVeer will remain in New York, while Jacobson will continue in London. Mitchell Goldstein and Michael Smith will continue as Co-Heads of the Credit Group, a role they have held since 2017. In Europe, Michael Dennis and Matt Theodorakis will maintain leadership of the Direct Lending strategy. Ares also announced that Kort Schnabel will become CEO of Ares Capital Corporation, effective April 30, 2025, while Jim Miller will continue as its sole President. DeVeer has been with Ares since 2004, playing a key role in growing its Credit Group, while Jacobson joined in 2012 and has been instrumental in developing Ares' European Direct Lending business.

**Ares** – reported strong financial results for Q4 and full year ended December 31, 2024. The firm recorded GAAP net income of US$177.3 million for Q4, with earnings per share of $0.72 on a basic and diluted basis. After-tax realized income for the quarter stood at $434.7 million, translating to $1.23 per share, while fee-related earnings totaled $396.2 million. Ares achieved record-breaking fundraising and capital deployment in 2024, raising $93 billion in new funds and growing its total assets under management (AUM) to $484 billion. CEO Michael Arougheti emphasized that the firm successfully expanded its investment platform, diversified its distribution channels across institutional, wealth, and insurance markets, and delivered strong investment performance. Looking ahead, he expressed optimism for a more active transaction environment in 2025, which could create additional investment opportunities. Chief Financial Officer (CFO) Jarrod Phillips highlighted that Ares has $95 billion in AUM that is not yet fee-paying, positioning the firm for continued growth in key financial metrics over the next several years. He also provided an update on the GLP Capital Partners Limited (GCP International) acquisition, stating that the transaction is expected to close in the first quarter of 2025. The acquisition is expected to enhance Ares' global presence and support new fundraising initiatives in the coming year.

**Brookfield Asset Management (Brookfield)** – has entered the race to acquire Australian money manager Insignia Financial Limited (Insignia), offering A$3 billion (US$1.9 billion)—matching bids from Bain Capital, LP (Bain) and CC Capital Partners, LLC (CC Capital). Brookfield's proposal includes an option for Insignia investors to take equity in its unlisted bid vehicle, adding a new dimension to the takeover battle. Insignia, formerly IOOF Holdings Limited, is the third-largest player in Australia's superannuation sector, managing A$327 billion in client assets as of December. The firm has now granted Brookfield limited access to its financial records, similar to its approach with Bain and CC Capital. Australia's wealth management industry has attracted significant investor interest, driven by the A$4.1 trillion superannuation system. Insignia is considered an appealing target due to its diverse operations in funds management and advisory services.

**Brookfield** – through one of its private equity funds and its listed affiliate Brookfield Business Partners L.P., has completed the US$1.7 billion acquisition of Chemelex Thermal Management Systems (Chemelex) from nVent Electric plc. Chemelex is a global leader in electric heat trace systems, which are specialized wiring systems that regulate pipe temperatures in industrial plants and commercial buildings. With high barriers to entry and a strong brand presence as the inventor of electric heat tracing in 1972, Chemelex serves industrial, commercial, residential, clean energy, and infrastructure markets. Dave Gregory, Managing Partner in Brookfield's Private Equity Group, highlighted Chemelex's strong market position and synergies with Brookfield's ecosystem, noting the firm's expertise in industrials and corporate carve-outs will help enhance operations and unlock its full potential as an independent business. Brookfield has extensive experience in industrial and manufacturing investments, having previously invested in Clarios, LLC. (advanced low-voltage batteries), Westinghouse Electric Company, LLC. (nuclear power technologies), and GrafTech International Ltd. (graphite electrodes).

**Brookfield Corporation** – will invest €20 billion (US$20.65 billion) in artificial intelligence (AI) infrastructure projects in France. This significant investment underscores Brookfield Corporation's commitment to expanding AI-related infrastructure across Europe. The funding will be divided into two key areas. €15 billion will be allocated for the construction of data centres across France, supporting the country's growing AI and cloud computing capabilities. An additional €5 billion will be dedicated to infrastructure development, including data transfer networks, storage chip production, and renewable energy solutions to power these facilities. These projects are set to continue until 2030, highlighting Brookfield Corporation's long-term strategy in the region. The investment comes at a pivotal time as France positions itself as a leader in AI innovation and digital infrastructure development.

## DIVIDEND PAYERS

GO TO PORTLAND CANADIAN BALANCED FUND[1]

**Toronto-Dominion Bank (TD)** - announced its intent to sell its entire equity investment in The Charles Schwab Corporation (Schwab) through a registered offering and share repurchase by Schwab. TD will continue to have a business relationship with Schwab through the Insured Deposit Account (IDA) Agreement. TD currently holds 184.7 million shares of Schwab's common stock, representing 10.1% economic ownership. Schwab has agreed to repurchase US$1.5 billion of its shares from TD conditional on completion of the offering. A preliminary prospectus supplement relating to the secondary offering of Schwab shares held by TD will be filed by Schwab with the U.S. Securities and Exchange Commission (the "SEC"). TD Securities Inc. and The Goldman Sachs Group, Inc. will be acting as joint bookrunning managers on the offering. "As part of our strategic review, we have been evaluating capital allocation and have made the decision to exit our Schwab investment. We are very pleased with the strong return we are generating on the Schwab shares we acquired in 2020," said Raymond Chun, Group President and CEO, TD. "We are confident in TD's growth opportunities and long-term potential, and we plan to use C$8 billion of the proceeds to repurchase our stock. We will invest the balance of the proceeds in our businesses to further support our customers and clients, drive performance and accelerate organic growth." TD will continue to manage its capital prudently and strengthen its infrastructure.

## LIFE SCIENCES

GO TO PORTLAND LIFE SCIENCES ALTERNATIVE FUND[1]

**Amgen Inc.** – reported strong financial results for Q4 and the full year of 2024. Q4 revenues rose 11% to US$9.1 billion, driven by a 14% volume growth in product sales, with significant contributions from products like Repatha® and TEZSPIRE®. For the full year, total revenues increased 19% to $33.4 billion.

## NUCLEAR ENERGY

**Centrus Energy Corporation (Centrus)** – reported net income of US$73.2 million for 2024, with earnings per share of $4.49 (basic) and $4.47 (diluted). Total revenue rose 38% to $442.0 million, driven by higher uranium prices (+50%) and increased sales volumes (+13%) in its Low-Enriched Uranium (LEU) segment. The Technical Solutions segment grew 80% to $92.1 million, largely due to the transition of its HALEU Operation Contract to a cost-plus-incentive-fee model. Gross profit remained steady at $111.5 million, with declines in LEU margins offset by a 151% profit increase in Technical Solutions. Centrus continued HALEU production at its American Centrifuge Operating Plant in Ohio under an expanded $129 million U.S. Department of Energy (DOE) contract and secured three major DOE contracts supporting domestic nuclear fuel production, backed by $3.4 billion in Congressional appropriations, though IRA (Inflation Reduction Act)-related funding is currently under review following a January 2025 Executive Order. Meanwhile, the Prohibiting Russian Uranium Imports Act bans Russian LEU imports starting August 2024, with temporary waivers granted for 2024 and 2025 deliveries. A new Russian decree now requires specific export licenses, adding supply chain uncertainty.

**Centrus**– Korea Hydro & Nuclear Power (KHNP) has signed a 10-year enriched uranium supply contract with U.S.-based Centrus, marking Korea's first purchase of enriched uranium from an American company in over a decade. The agreement, formalized on February 4 in Washington, D.C., follows a Letter of Intent signed last year and is contingent on Centrus securing funding to expand LEU production in Piketon, Ohio. The deal strengthens KHNP's fuel supply stability by diversifying sources beyond Russian, Chinese, and European suppliers. It is also seen as a milestone in U.S.-Korea nuclear cooperation, with both parties emphasizing its role in enhancing energy security and the nuclear fuel supply chain. KHNP operates 26 nuclear reactors supplying about one-third of South Korea's electricity. Centrus highlighted the contract as evidence of growing commercial demand for U.S.-owned uranium enrichment capacity, supporting efforts to restore domestic production.

**Johnson Matthey plc (Johnson Matthey)**– has appointed Richard Pike as CFO Designate, effective immediately, with his official start on April 1, 2025. He will succeed Stephen Oxley, who will continue in the role until March 31, 2025, ensuring a smooth transition. Richard joins from DS Smith plc, bringing financial leadership. Additionally, Johnson Matthey announced that Patrick Thomas, the current Chair, will step down after the Annual General Meeting on July 17, 2025, and the search for his successor has begun.

**Oklo Inc. (Oklo)** – announced that Chris Wright, a member of its Board of Directors, has stepped down following his confirmation as the U.S. Secretary of Energy on February 3, 2025. Oklo CEO Jacob DeWitte congratulated Wright on his new role, acknowledging his valuable contributions to the company, particularly in energy and technology. Oklo will soon announce a replacement for Wright's board seat.

## ECONOMIC CONDITIONS

**US Productivity** - Productivity growth of American workers slowed to 1.2% annualized in Q4, following an upwardly revised 2.3% gain in the third quarter (Q3). Despite the expected slowdown in the final quarter of last year, productivity for all of 2024 jumped 2.3%—the fastest pace in 14 years (outside 2020's upswing). Meanwhile, unit labour costs climbed 3.0% annualized amid a pickup in hours worked. For all of last year, costs rose 2.6%. While that's below the sharp gains seen during COVID, it still remains higher than pre-pandemic trends. As a result, the US Federal Reserve's 2% inflation goal is still not in sight, especially amid a potentially more inflationary environment under the Trump administration.

**US Non-Farm Payrolls** - Despite sizable and widely expected downward benchmark revisions for payroll growth over the past year based on the Quarterly Census of Employment and Wages (with nonfarm payrolls seasonally adjusted now 610 thousand (K) below previous estimates for December), there is still much to like about the U.S. labor market's resilience and sustainability. Nonfarm payroll growth for January came in at 143K, slightly below the Bloomberg consensus looking for 175K jobs. However, the net revision over the past two months was a positive 100K. Average monthly job growth for 2024 was revised down to 166k a month, making the January job gain of 143K not that far off the mark from the 2024 norm. The Bureau of Labor Statistics noted that the wildfires in L.A. and adverse winter weather had "no discernable effect" on the job numbers. The drop in the U.S. unemployment rate to 4.0% from 4.1% was another pleasantly positive surprise, illustrating the ongoing tautness if not tightness of the U.S. labor market. Household employment saw a sharp 2.234 million increase in January, reflecting adjustments to the population estimates for the Household survey that were also largely expected. Census recently revised up their population estimates to better reflect the surge of immigration in recent years. At the same time, the number of unemployed fell by 37K to 6.849 million, the average duration of employment fell to 22 weeks from 23.7 weeks, and the labor force participation rate improved to 62.6% from 62.5%, rounding out the firm labor market narrative. Lastly, average hourly earnings growth jumped 0.5%, with the year-on-year (YoY) growth rate holding at a higher than forecast 4.1%, showing labor market tightness is still driving wages higher at an elevated pace. The Fed would probably like to see more signs of moderation in wage growth before they feel comfortable resuming rate cuts. Job growth was pretty subdued in most major sectors last month with monthly gains being led by education and health care (+61K), retail trade (+34K), and government (+32K) sectors.

## FINANCIAL CONDITIONS

**Bank of England** - The Bank of England cut rates as expected by 25 basis points (bps) to 4.5% but the surprise at the meeting was that two members voted for 50 bps of cuts instead. The Bank of England says that inflation would rise "quite sharply" to a peak of 3.7% this year, and downgraded growth and its estimate of how quickly the economy could grow without overheating prices. The Bank of England continues to see CPI (Consumer Price Index) as being above the 2% threshold in the next two years but to fall below by the end of its forecast period in three years, allowing the ability to ease. Given the dovish dissent vote, any signs of data weakness will likely continue to lean on GBP. Markets are pricing in 67 bps of cuts by year-end.

The U.S. 2 year/10 year treasury spread is now 0.23% and the U.K.'s 2 year/10 year treasury spread is 0.32%. 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 6.89%. Existing U.S. housing inventory is at 3.3 months supply of existing houses as of January 24, 2025 - 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 16.15 and while, by its characteristics, the VIX will remain volatile, we believe a VIX level below 25 bodes well for quality equities.

**And Finally:** *"You can't be great without the greatness of others." -Nick Sirianni*

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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, 'GAAP' Generally Accepted Accounting Principles, '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, 'SG&A' Selling, General, and Administrative expense ratio.

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

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