



PORTLAND  
HOLDINGS™

WEALTH SUSTAINABILITY FOR FAMILY OFFICES



# OUR GROUP AT A GLANCE

- Portland Holdings is a privately held investment company that has an ownership interest in a collection of diversified businesses operating in sectors that include financial services, insurance, tourism, agriculture, real estate development, targeted radionuclide therapy, and nuclear and clean energy.
- Founded by a young immigrant from Jamaica over 30 years ago, our group companies now operate in over 20 countries, influence approximately \$20 billion of assets and are responsible for thousands of employees in Canada and across the Americas.
- We're focused on wealth creation for individuals, families, businesses, institutions and countries.



# FIRST CHALLENGE FOR WEALTH SUSTAINABILITY - AGENCY RISK

*“Agency risk” relates to the misalignment of interest between the management and the owner(s). Solving for agency risk is the fundamental challenge facing family offices and one that is critical to ensuring wealth sustainability.*

## What causes agency risk and why is it so prevalent?

- The way business functions are structured: corporate governance, independent board, risk management, compliance, etc.
- The way our educational system is structured and how corporate governance is taught to young business professionals.

## How agency risk impacts business performance - the empirical evidence

- 7% lower valuations<sup>1</sup>
- 20.9% higher operating expenses<sup>2</sup>
- 25.8% lower earnings before interest and taxes<sup>2</sup>

## How do we solve for agency risk problem?

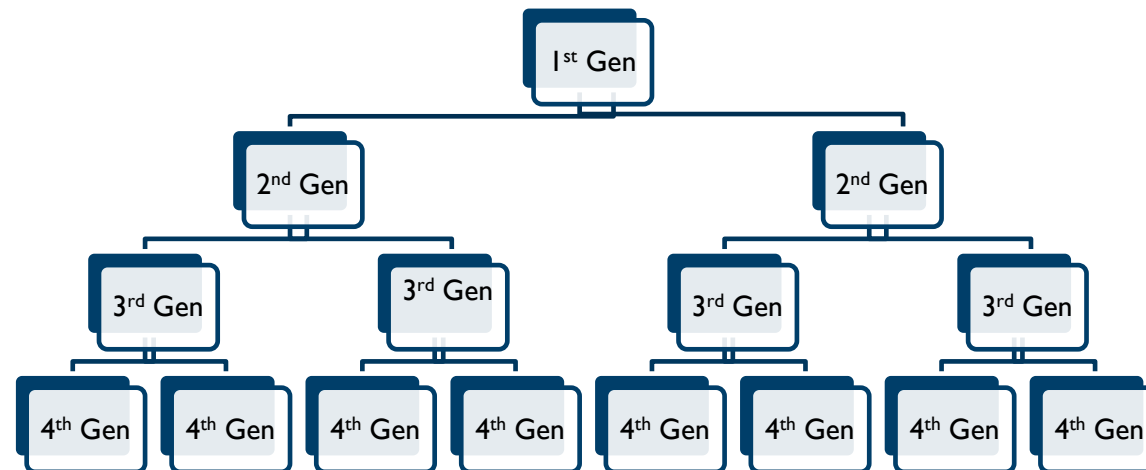
1. Owner-operator must always be cognizant of:
  - Agency risk
  - Dilution of “Owner-Operator” mindset or “Founder’s Mentality”
2. Institutionalize the following in new talent:
  - “Laws of wealth creation”
  - An ecosystem to enable management to abide by the “Laws of wealth creation”

<sup>1</sup> Family Ownership and Firm Performance: Empirical Evidence from Western European Corporations, Journal of Corporate Finance

<sup>2</sup> Vertical and Horizontal Agency Problems in Private Firms: Ownership Structure and Operating Performance- Journal of Financial and Quantitative Analysis

# SECOND CHALLENGE FOR WEALTH SUSTAINABILITY - SHIRTSLEEVES TO SHIRTSLEEVES IN THREE GENERATIONS

It starts with the founder of the business...



...by the 4th generation there could be 8 families and 16 decision makers.

... Hence 70/90/78

Founders Mentality



Increasing democratization



Perfect bureaucracy

## The Numerator Effect

- The owner/operator model is replaced by owners being separated from operators.
- A governance structure with agency risk embedded is introduced.
- Wealth growth is no longer the driver.

## The Denominator Effect

- Wealth is split into several pieces.
- Unlikely that the initial business will survive; it will likely have to be sold and cash distributed.
- The denominator effect causes dilution of “founder’s mentality”.

# OVERCOMING CHALLENGES TO WEALTH SUSTAINABILITY

## 1. Framework

- 5 laws of wealth creation and 10 characteristics of wealth creating businesses
- Owning public and private businesses
- Attributes of private vs. public businesses
- Illiquidity discount and benefit of compounding

## 2. Control of emotions

- Crises = danger + opportunity

## 3. Access

- To the right people, institutions and products
- To competitive financing

## 4. Alignment

- PPP
  - Predict | Plan | Persevere
- SEA
  - Strategy | Execution | Advocacy
- Preconditions for long term sustainable relationships
  - Intelligence | Integrity | Alignment | Passion
- Transforming the “old business” model to a “new business” model

# FRAMEWORK – LAWS OF WEALTH CREATION

*“I am a better investor because I am a businessman, and I am a better businessman because I am an investor” – Warren Buffett.*

## Our five laws of wealth creation:

1. Own a few high-quality businesses;
2. Thoroughly understand these businesses;
3. Ensure these businesses are domiciled in strong, long-term growth industries;
4. Use other people’s money prudently;
5. Hold these businesses for the long run;

## Three key preconditions for wealth creation:

- Perception vs. reality gap
- Dearth of equity capital
- Inefficiency

## Our ten characteristics of wealth creating businesses:

6. Owner of the business is also the operator of the business;
7. Ownership is heavily concentrated;
8. Key shareholders are personified in the company and vice versa;
9. Authoritative management style;
10. Entrepreneurial management style;
11. Low turnover in management positions;
12. Symmetrical risk and reward for management;
13. Business sets goals for the long term;
14. Board focus on growth; and
15. Value of the business is based on fundamentals: sales, market share and margins.

# FRAMEWORK – ATTRIBUTES OF PRIVATE VS. PUBLIC

Dimension	PRIVATE BUSINESS	PUBLIC BUSINESS
<b>Ownership</b>	Owner/Operator Heavily concentrated Personal identification	Operators are separated from Ownership Broadly dispersed Anonymous
<b>Management Style</b>	Autocratic Entrepreneurial Low turnover	Democratic Bureaucratic Higher turnover
<b>Management Risk/Reward</b>	Symmetrical	Asymmetrical
<b>Time Horizon</b>	Long	Short
<b>Board Focus</b>	Growth	Governance (Focus is on Risk and Compliance)
<b>Valuation</b>	Fundamentals – Customers, Sales, Market Share, Margins, etc.	Daily Mark to Market

# CREATING WEALTH BY DOING WHAT THE WEALTHY DO

## ■ What the wealthy do:

- Goal oriented
- Use other people's brains
- Use other people's money
- Pay themselves first
- Buy. Hold. And Prosper.

### Two traits of firms that are successful over the long-term:

1. Bifurcate old business from new business to remain entrepreneurial
2. They have a bigger purpose than making money

## ■ What the wealthy don't do:

- Overdiversify
- Hold all liquid assets
- Take zero risk
- Practice absentee ownership
- Focus on "mark to market" valuations
- Invest formulaicly
- Think short-term
- Invest in "black-boxes"
- Trust agents with no skin in the game

### The principles of wealth creation are the same for individuals and businesses:

1. Optimize and compound individual capital by maximizing knowledge, experience, and control of people's emotions
2. Optimize and compound financial capital through a disciplined cycle of re-investment and growth



# ATTRIBUTES OF A SUCCESSFUL LEADER

**P**redict

**P**lan

**P**ersevere

**S**trategy

**E**xecution

**A**dvocacy

**4 preconditions for long term sustainable relationships:**

1. Intelligence
2. Integrity
3. Passion
4. Alignment

# THE IMPORTANCE OF HAVING A FRAMEWORK

## Our Past Unicorns

## Our Current Unicorn

## Our public companies that grew to over U.S.\$1 billion in value with our active influence

Our Past Unicorns			Our Current Unicorn
		INTERENERGY	
<b>Industry:</b> Asset Management	<b>Industry:</b> Telecommunications	<b>Industry:</b> Energy	<b>Industry:</b> Healthcare - Molecular Precision Oncology
<b>Invested:</b> 1987	<b>Invested:</b> 2005	<b>Invested:</b> 2011	<b>Invested:</b> 2018
<b>Operations:</b> Headquartered: Canada Operations: Canada	<b>Operations:</b> Headquartered: Barbados Operations: Caribbean and Central America	<b>Operations:</b> Headquartered: United Kingdom Operations: Caribbean and Latin America	<b>Operations:</b> Headquartered: Germany Operations: Worldwide
<b>Influence:</b> Wholly owned	<b>Influence:</b> Board seat	<b>Influence:</b> Board seat	<b>Influence:</b> Board seat

Portland Holdings' Public Billion Dollar Associations <sup>1</sup>		
		
<b>Industry:</b> Banking	<b>Industry:</b> Healthcare - Molecular Precision Oncology	<b>Industry:</b> Insurance
<b>Invested:</b> 2002	<b>Invested:</b> 2019	<b>Invested:</b> 2016
<b>Operations:</b> Headquartered: Jamaica Operations: Caribbean	<b>Operations:</b> Headquartered: Australia Operations: Worldwide	<b>Operations:</b> Headquartered: Trinidad and Tobago Operations: Caribbean
<b>Influence:</b> Majority stake	<b>Influence:</b> Private Placement	<b>Influence:</b> Majority stake

- Our Billion Dollar Club helps validate our 5 laws of wealth creation and the 10 characteristics of a successful business
- Our wealth creation principles are sector-agnostic, geographically-agnostic and relevant to both public and private businesses

\*In 2017 pursuant to a Scheme of Arrangement, NCBJ was de-listed on the Jamaican Stock Exchange ("JSE") and the Trinidad & Tobago Stock Exchange ("TTSE") and its shareholders received shares in NCBJ's new parent company, NCB Financial Group Limited ("NCB FG"). NCB FG is currently traded on the JSE and TTSE

# WEALTH CREATION AND WEALTH SUSTAINABILITY IN ACTION

# ADDRESSING MANKIND'S BIGGEST UNMET NEEDS

*The next big investment opportunities are global issues. We're investing for the long run.*

*Portland will introduce funds needed to implement and operationalize projects in nuclear medicine and nuclear/clean energy.*

- ✓ Nuclear medicine and nuclear energy are strong long-term growth industries as the world is currently undergoing a nuclear renaissance.
  - ❖ All countries are in need to curb their rising cancer incidence rates through breakthrough technologies such as Targeted Radionuclide Therapy.
  - ❖ All countries have aspirations to transition to net-zero carbon emissions and nuclear energy is the only reliable source to provide for baseload power for governments and industries.
- ✓ A highly underleveraged and underinvested sector in which some of the most sophisticated investors in world (sovereign wealth funds, private equity firms, pension plans, etc.) are looking to deploy significant capital.
- ✓ Best-in-class technologies and companies are currently looking for capital to grow and there is an enormous opportunity in becoming a first-mover in this sector by gaining access to valuable technologies and companies without going to auction.

# PORTLAND'S INTEGRATED NUCLEAR CAPABILITIES AND ACCESS

NUCLEAR MEDICINE				
ITM Isotope Technologies Munich	OncoBeta GmbH	RadioMedix, Inc.	Telix Pharmaceuticals	Portland's In-house Capabilities
<p>Major ownership stake in ITM, a privately owned biotechnology and radiopharmaceutical group of companies based in Germany, with global industry centrality in targeted radionuclide therapy through the supply of:</p> <ul style="list-style-type: none"> <li>• Diagnostic and therapeutic medical radioisotopes</li> <li>• Radiopharmaceuticals</li> <li>• Radiolabeling and quality control equipment</li> </ul> <p>Through its affiliation with the International Centers for Precision Oncology (ICPO), ITM and Portland are operationalizing an international network of precision oncology centers around the world.</p>	<p>OncoBeta GmbH, headquartered in Garching, Germany, is a privately held medical device and radiochemical company specializing in the development and commercialization of state-of-the-art, innovative therapies utilizing epidermal radioisotope applications. OncoBeta's main product, Rhenium-SCT®, utilizes the Beta emitter radioisotope Rhenium-188 to painlessly treat non-melanoma skin cancer (NMSC), without the need for invasive surgery, therefore providing positive aesthetic outcomes.</p>	<p>Major ownership stake in RadioMedix, a Texas-based privately held clinical-stage biotechnology company developing targeted radiopharmaceuticals, with candidates at various stages of pre-clinical and clinical development, for the diagnosis, monitoring, and treatment of different types of cancers. The Company's most advanced program is AlphaMedix™ (<sup>212</sup>Pb DOTAMTATE) therapy for the treatment of metastatic and unresectable somatostatin receptor positive neuroendocrine tumors, or NETs, a disease with a significant medical need.</p>	<p>Telix is a clinical-stage biopharmaceutical company, headquartered in Melbourne, Australia, that is focused on the development of diagnostic and therapeutic products using Molecularly Targeted Radiation (MTR) in oncology and rare diseases, including prostate, kidney, glioblastoma and hematologic cancers.</p>	<p>Portland's Life and Unifying Sciences division is led by some of the industry's most experienced technical and management professionals. Dr. Hubert Walinski is Portland's Chief Operating Officer, Dr. Ramon Arscott is Portland's Chief Medical Officer, and Dr. Randy Peterson is Portland's International Business Development Manager, Life Sciences. The business' mandate focuses on Targeted Radionuclide Therapies, and biotech and precision oncology companies advancing novel therapeutic and medical device technologies, and innovations globally.</p>

# PORTLAND'S INTEGRATED NUCLEAR CAPABILITIES AND ACCESS

NUCLEAR ENERGY		
Canadian Nuclear Laboratories (CNL)	Ultra Safe Nuclear Corporation (USNC)	Portland's In-house Capabilities
<p>Portland has signed an MOU with CNL and is developing a collaborative partnership with CNL, a government-owned, contractor-operated (GoCo) entity, with the goal of addressing the following initiatives:</p> <ul style="list-style-type: none"> <li>• Small Modular Reactors (SMRs) and advanced reactors</li> <li>• Nuclear and Environmental waste remediation</li> <li>• Hydrogen &amp; Clean fuels</li> <li>• Radioisotopes</li> <li>• Full cycle support for nuclear power reactors</li> <li>• Globally unique breadth of knowledge for 'one-stop-shop' solutions to complex problems</li> </ul> <p>Atomic Energy of Canada Limited (AECL) is a Canadian federal Crown corporation, whose mandate is to enable nuclear science and technology and to protect the environment by fulfilling the government of Canada's radioactive waste and decommissioning responsibilities.</p> <p>Working with CNL, AECL enables nuclear science and technology and manages the Government of Canada's radioactive waste responsibilities.</p>	<p>Partnership agreement with Ultra Safe Nuclear Corporation (USNC), a global leader in:</p> <ul style="list-style-type: none"> <li>• Fuels and materials for nuclear power, including TRISO, advanced moderators and Fully Ceramic Micro-encapsulated (FCM®) fuel</li> <li>• Small and very small reactors, including the Micro Modular Reactor (MMR®) for versatile and widespread zero-carbon terrestrial power production</li> <li>• Advanced nuclear technologies for space exploration</li> </ul> <p>The agreement with USNC positions Portland as:</p> <ul style="list-style-type: none"> <li>• Lead investor in USNC's Series B Funding</li> <li>• Exclusive holder of rights to jointly develop MMR projects in the MENA and the Caribbean regions</li> <li>• Exclusive holder of rights to jointly develop MMR regional manufacture and supply chains in the MENA and the Caribbean regions</li> </ul>	<p>Portland's technical in-house team is composed of its Chief Nuclear Officer, Mr. Christopher Deir, a seasoned business executive who previously spearheaded the formation of Small Modular Reactor (SMR) program by Ontario Power Generation (OPG). Mr. Deir distinct career includes senior roles at Hitachi Canada and Atomic Energy of Canada Ltd (AECL) leading efforts in the cross-industry production of the Federal SMR RoadMap.</p> <p>The technical team is also composed of Dr. Parris Lyew-Ayee as its Portland's Chief Scientific Officer. Dr. Lyew-Ayee serves as the Chairman of the International Centre for Environmental and Nuclear Sciences (ICENS) in Jamaica and has a distinguished career in the private and public sectors, serving on several Boards.</p> <p>The team also includes Dr. Ken Petrunik, a global authority on the construction of nuclear reactors worldwide. He served as Chief Program Officer at the Barakah nuclear power plant in the UAE. In 2009, Dr. Petrunik retired from a 35-year career at Atomic Energy of Canada Limited (AECL) as the President of the CANDU Reactor Division, responsible for AECL's commercial CANDU business. Dr. Petrunik currently serves as Chairman of Global First Power working to construct and operate a Micro Modular Reactor® at CNL's facilities and has an advisory role to several international nuclear companies.</p>

# INSTITUTIONALIZING AN OWNER-OPERATOR MINDSET AND MITIGATING AGENCY RISK

## Suggested readings:

1. **The Ten Commandments of Business Failure – Don Keough**
2. **The Founders Mentality – Chris Zook and James Allen**

## Hands-on-training:

1. **Portland Academy (Please connect for more details)**



# PORTLAND HOLDINGS™

**To learn more about the Portland group and opportunities to partner with Portland, please contact:**

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