

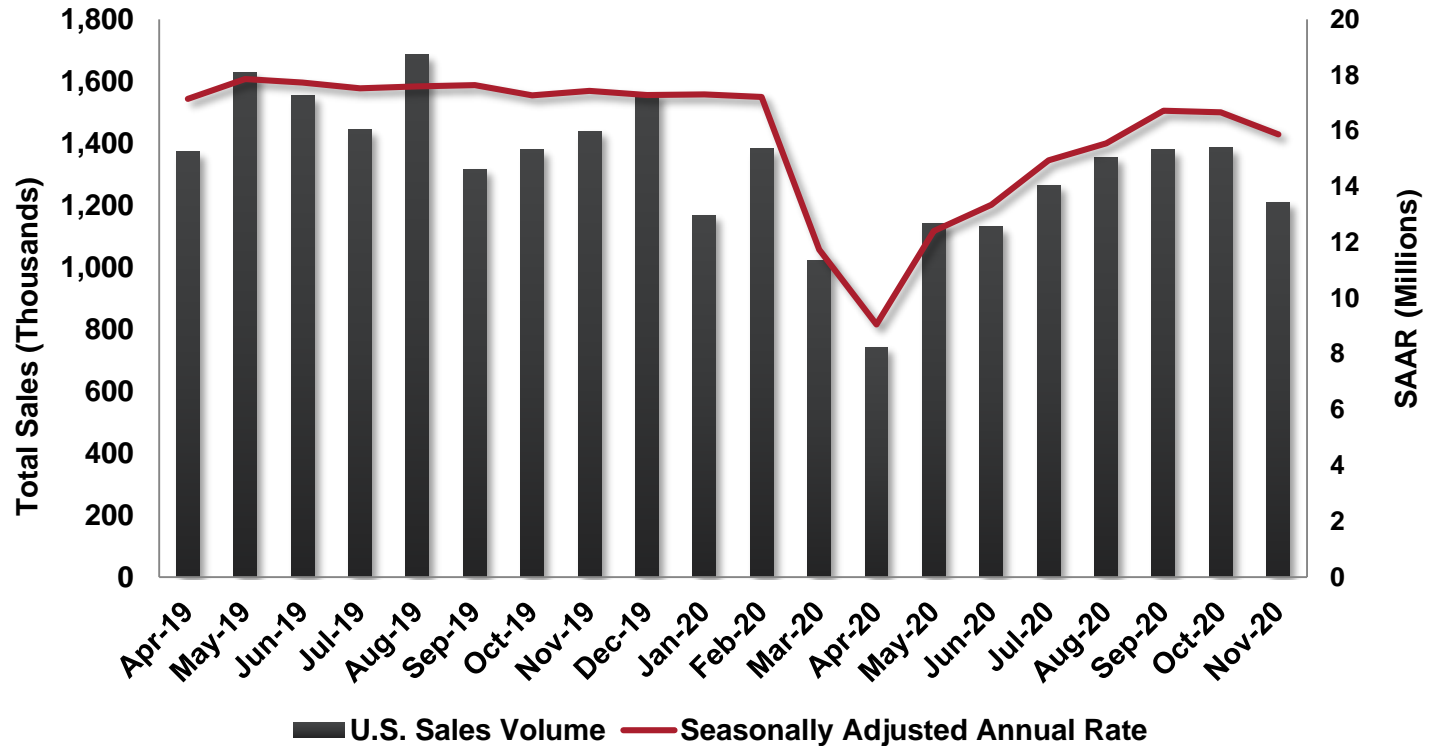


Industry Trends

November - December 2020

ACQUISITION

U.S. Sales Volume by Month & SAAR All Manufacturers

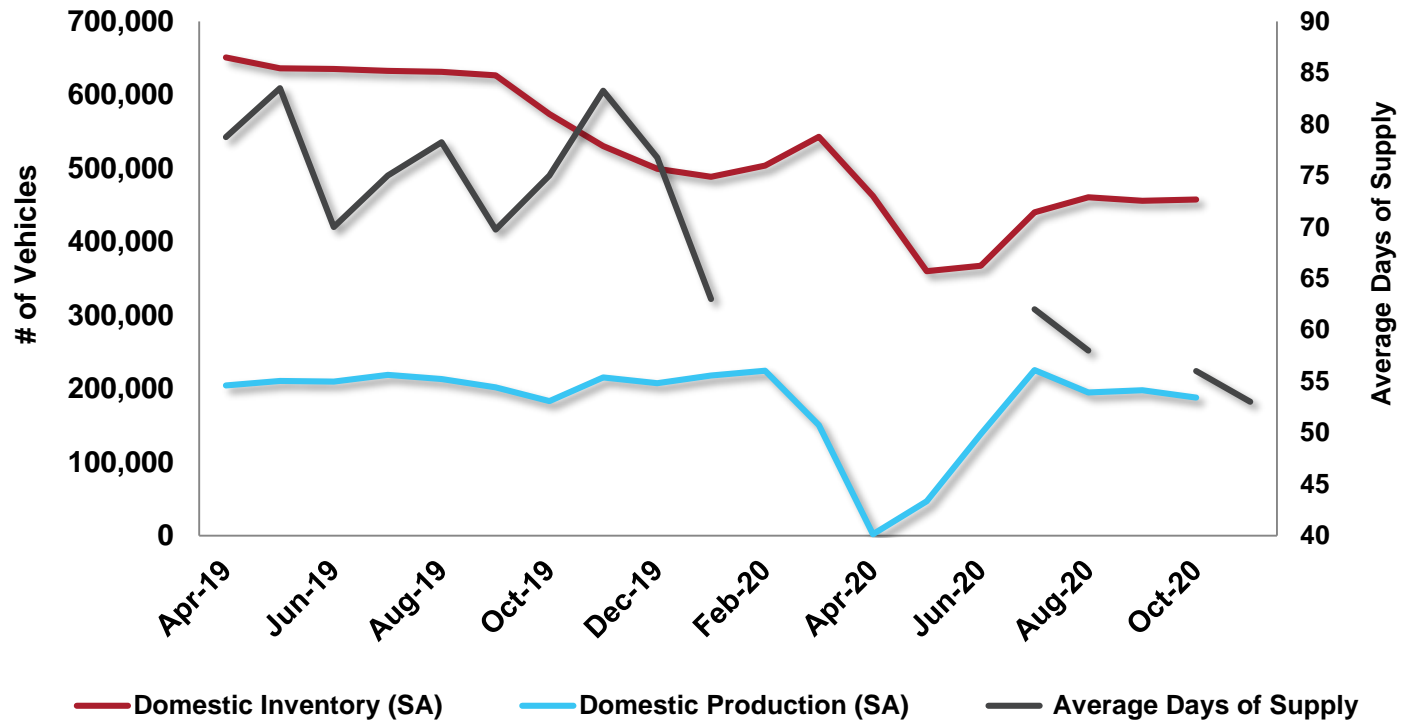


In April 2020, sales fell **46%** as compared to April 2019. September and October sales recovered as pent-up demand eased slightly, but fell again in November by 4.5% M/M and 15.4% Y/Y.

Recovery appeared on the horizon for the new vehicle market during the fall season but weakened again in November. November's result slump is attributed to a handful of factors, including cumulative lack of inventory in high-demand vehicle segments (e.g., pickup trucks), tightened social restrictions due to increased COVID-19 cases, declining key economic indicators (e.g., consumer confidence), and one fewer selling weekend on the calendar.

ACQUISITION

Dealer Inventory & Days of Supply

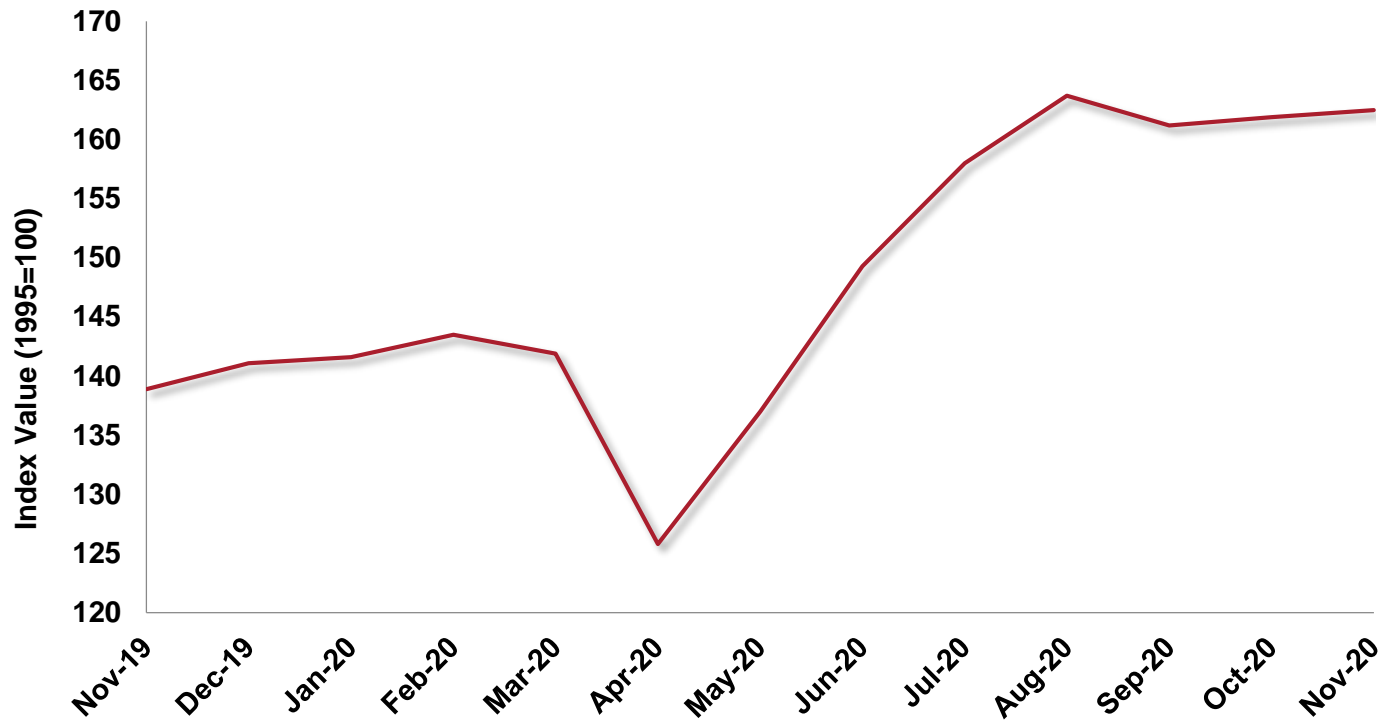


As reflected above, days' supply statistics have been inconsistently available since February 2020. Production of domestic vehicles peaked in July after a standstill, but unrecovered domestic inventory reflects the inability to meet demand.

November continues the downward trend in average days' supply for new vehicle inventory at only 53 days. Lower-priced vehicles, such as compact SUVs, are among the highest days' supply currently while pickup trucks are among the lowest.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index

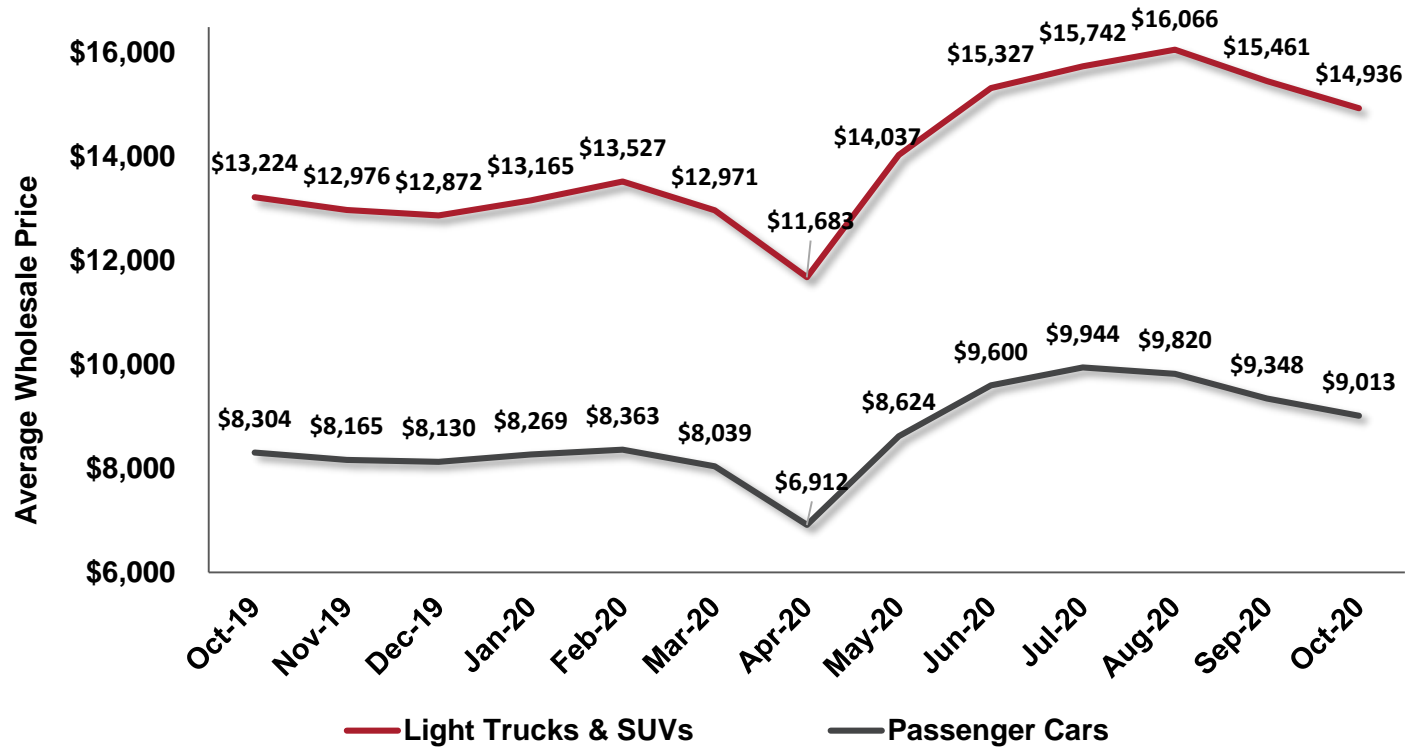


The effects of COVID-19 dragged all vehicle demand to a near halt in the early weeks of its grip on the U.S. economy. However, the idled new-vehicle manufacturing that soon followed caused a spike in resale values that has held throughout the season. November's value index is **17% higher** than one year ago.

While manufacturing has resumed, **sustained resale value inflation** illustrates the demand on the used vehicle market and the cumulative shortage in 2020's new unit count.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment

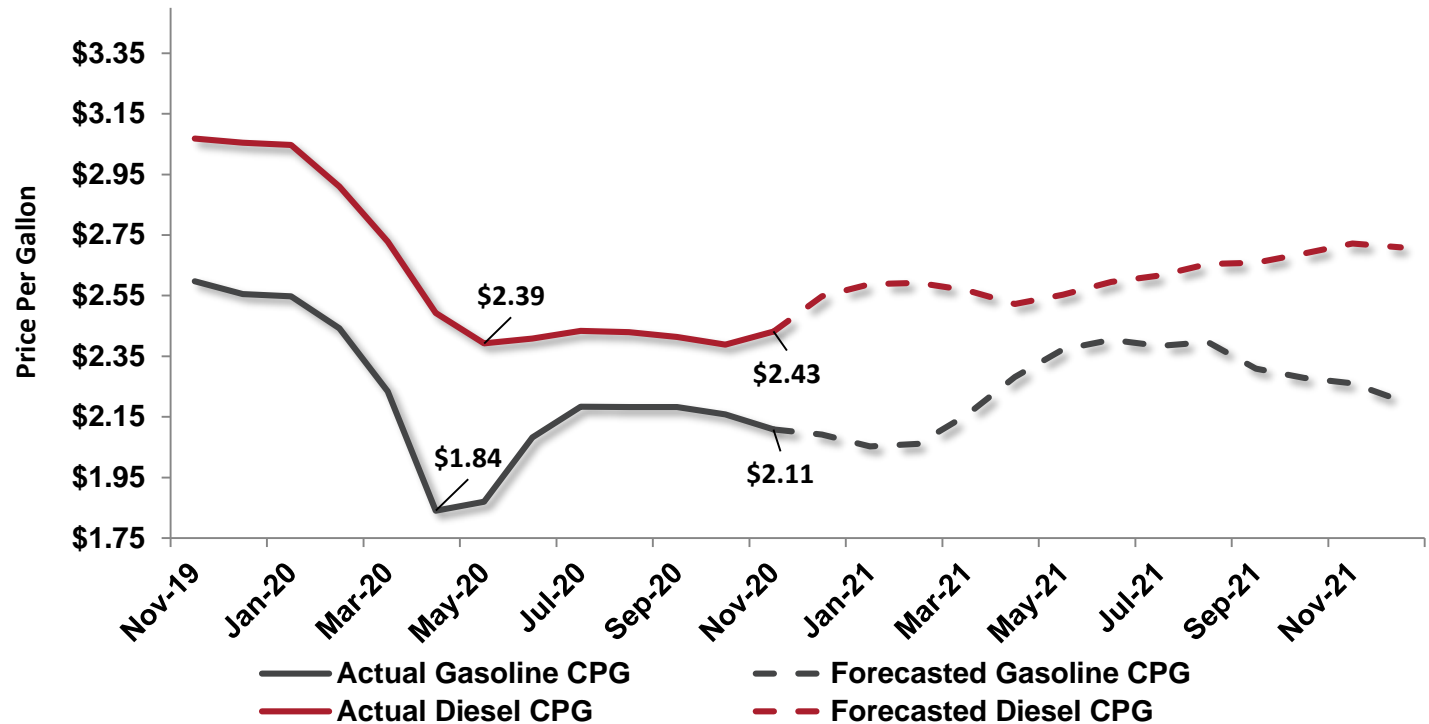


Auction values remain high. Even with fluctuations in fuel costs in 2020, both key segments have remained relatively stable. As these auction results show, valuations have remained above average even as new vehicle orders are now fulfilling at typical rates.

There has been a growing divergence in wholesale values between passenger cars and SUVs/trucks in recent years. This deviation became more pronounced when automotive markets were disturbed in April 2020. In the period between February and August 2020, **SUVs/trucks fell 21% and rebounded in the fall with 1.3% more overall value** when compared to passenger cars.

FUEL

National Average Cost per Gallon Regular Grade & Diesel



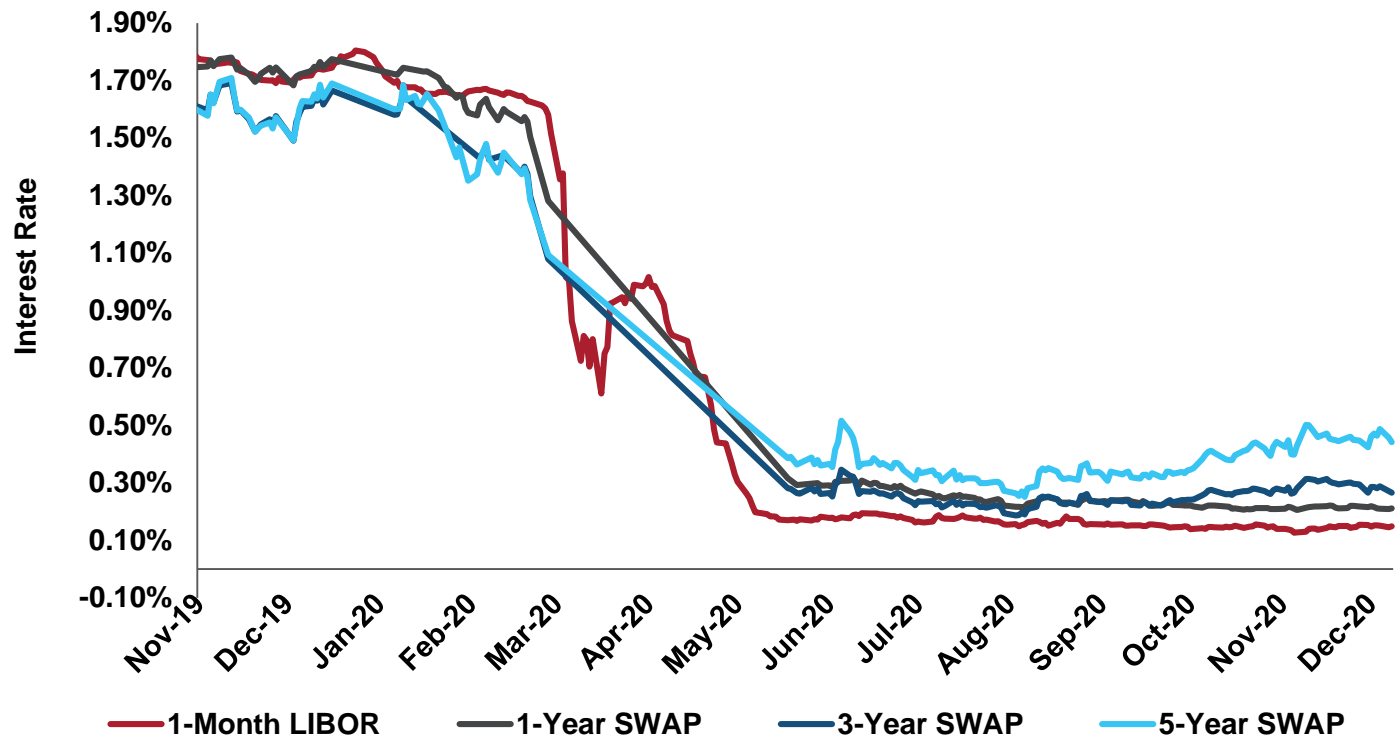
U.S. fuel prices fell sharply after a drop in demand in the spring of 2020. Prior to effects from COVID-19, 2020 was generally projected to mimic 2019's fuel pricing.

Fuel pricing is forecasted to follow a **typical seasonal rise in the spring of 2021**. The EIA's forecast has recently seen a considerable bump for the winter 2020-2021 season from earlier predictions, likely due in part to the recent evolutions in COVID-19 response.

Source: U.S. Energy Information Administration

INTEREST

Interest Rates



The **1-Month LIBOR** rate has held below **0.20%** since June and is currently averaging 0.15%. The **5-Year SWAP** rate was as low as 0.25% in August 2020 and is trending gently upward, currently at 0.45%.

Interest rates fell through the initial months of the pandemic. Due to sustained economic challenges, **interest rates have remained at historic lows**. However, a recent upward trend in long-term indices signals an opportune time to lock in low rates.