

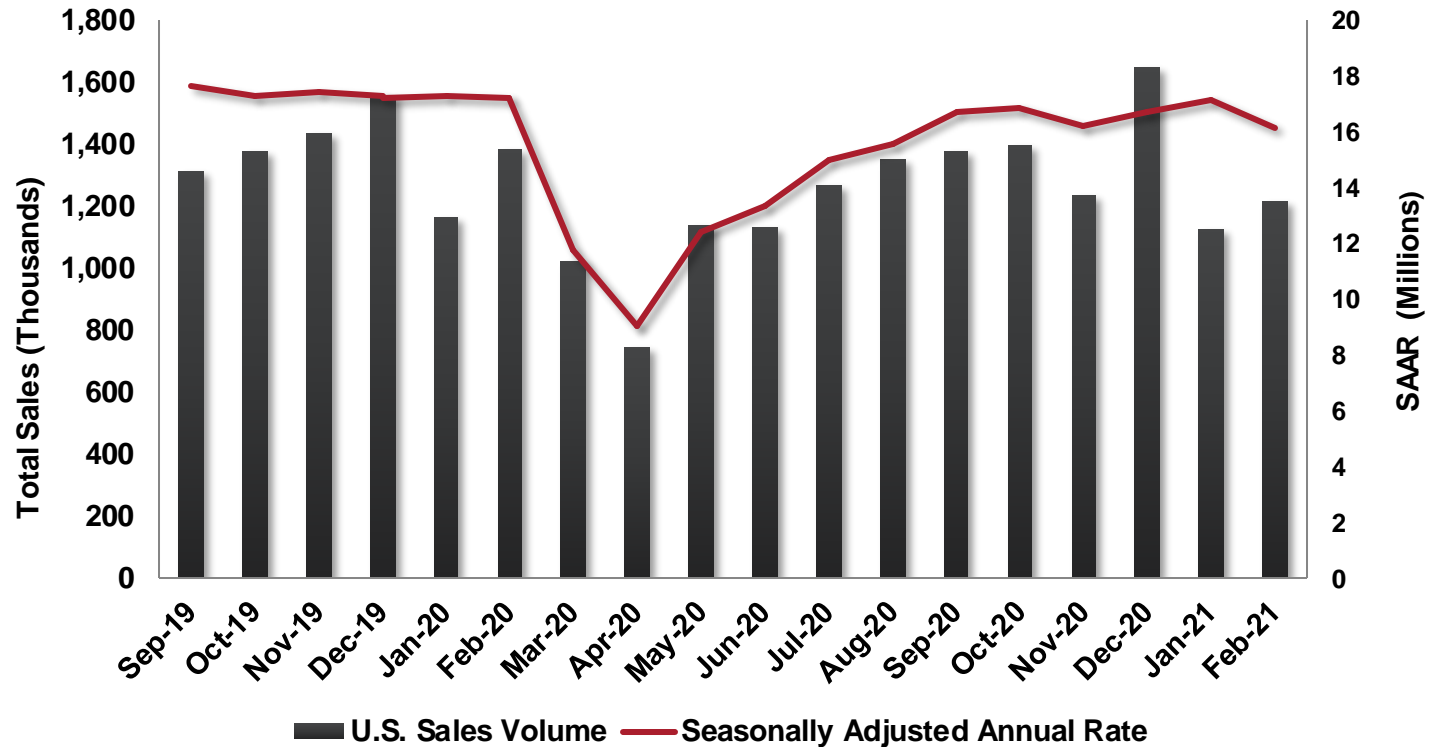


Industry Trends

February – March 2021

ACQUISITION

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



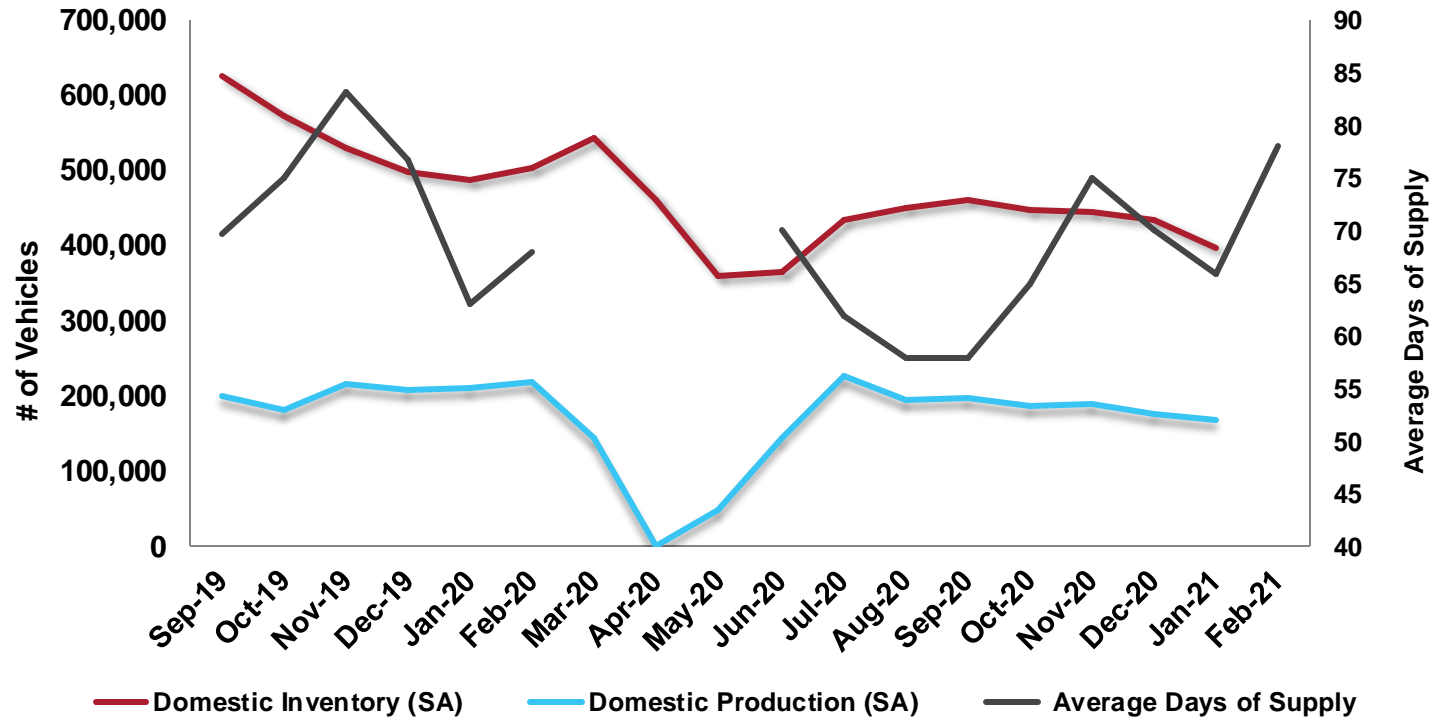
U.S. seasonally averaged sales (SAAR) fell 47.2% Y/Y early in the COVID-19 pandemic. SAAR in 2020 averaged a 14% loss compared to 2019. However, even as economic conditions improve generally, industry-specific hurdles resulted in **February 2021 SAAR reflected a 6.1% loss Y/Y.**

Complications relating to new-vehicle supply chain shortages (i.e., semi-conductor, foam), extraordinary weather conditions (ice storms in southwest), and complex economic conditions contributed to **February's 12.1% Y/Y fall in sales volume.**



ACQUISITION

Dealer Inventory & Days of Supply



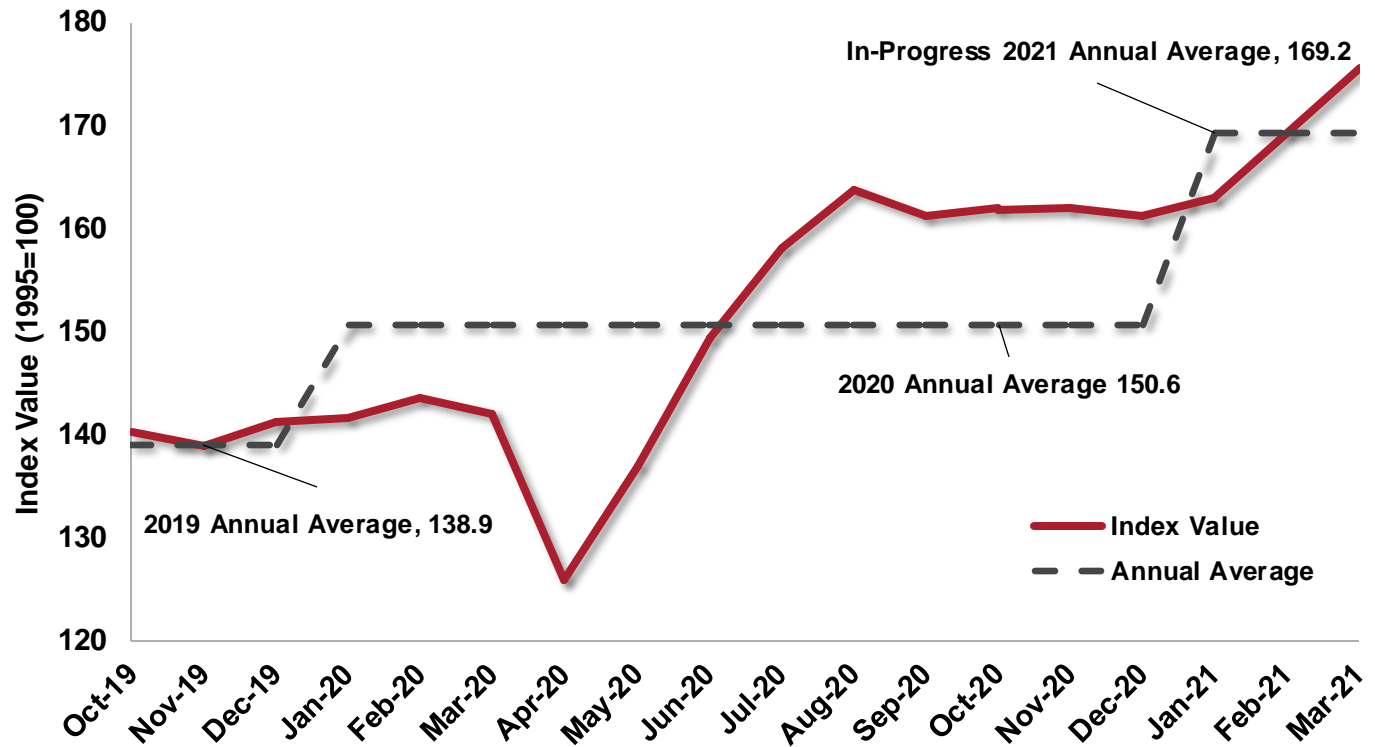
While certain OEMs have been impacted more from semiconductor shortages, **dealership inventory remains available for sedans and large SUV models**, averaging a new recession peak of 78 days' supply as of the end of February.

Dealer inventory has not been properly replenished for several months, leaving some dealer lots barren of full-size trucks, cargo vans, and other commercially focused vehicles.

Due to high demand, models like light trucks and cargo vans had order deadlines moved up and/or closed in Q1 2021 with little advance notice. The current average days' supply for these vehicles is no higher than **61 for pickups and as low as 30 for some SUVs**. Dealers are not as eager to negotiate or sell inventory to fleet as they historically have, instead selling at retail prices.

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index

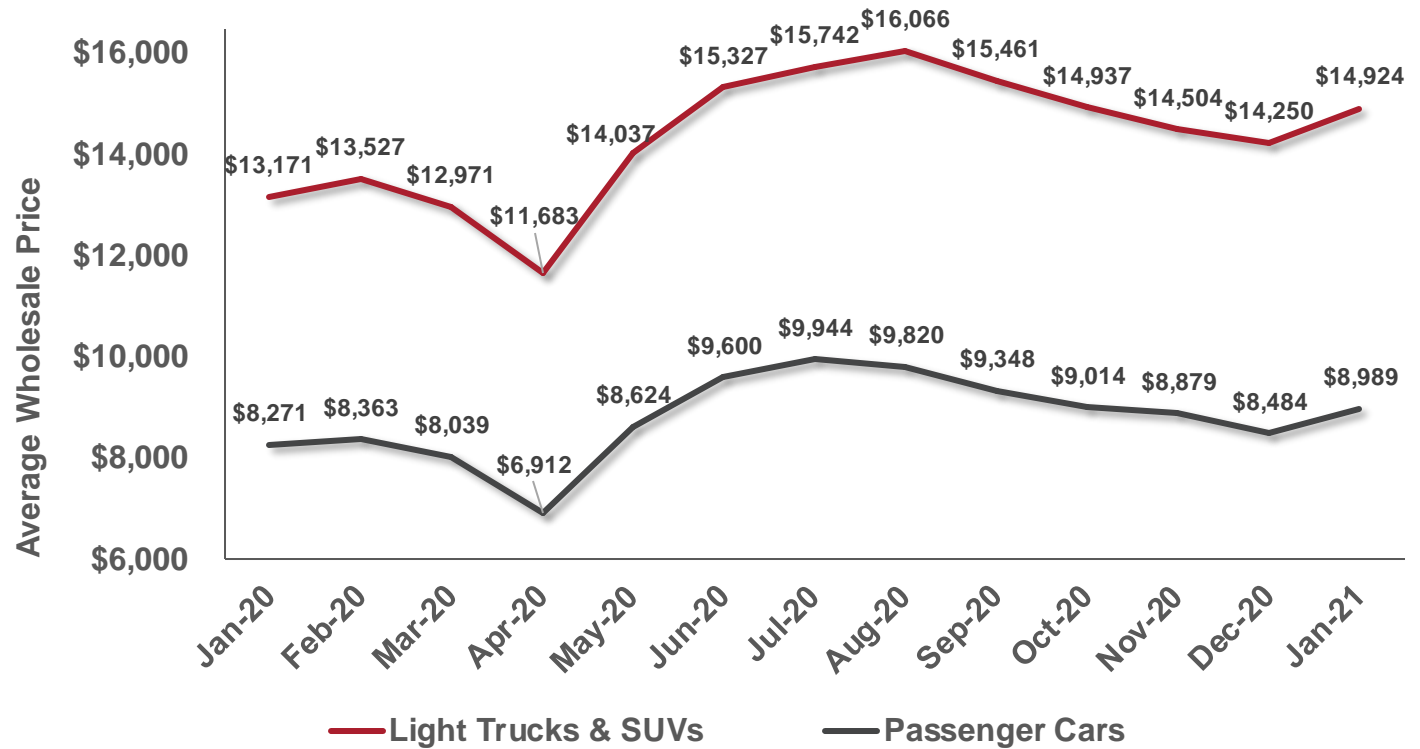


The effects of COVID-19 reduced used and new vehicle demand to a near halt in the early weeks of its grip on the U.S. economy. The associated idling of new-vehicle manufacturing caused a reactive spike in used vehicle resale values that is now ratcheting back up due to component shortages. **Used vehicles have reached a new peak value in March**, a change that is 24% higher Y/Y, 26% higher than 2019's average value, and 7% higher than August 2020's peak.

Expanding shortages of vehicle production this year are expected to **sustain or increase used vehicle values**, especially in the SUV and truck segment. This is an excellent time to remarket aging and underutilized units in your fleet.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment

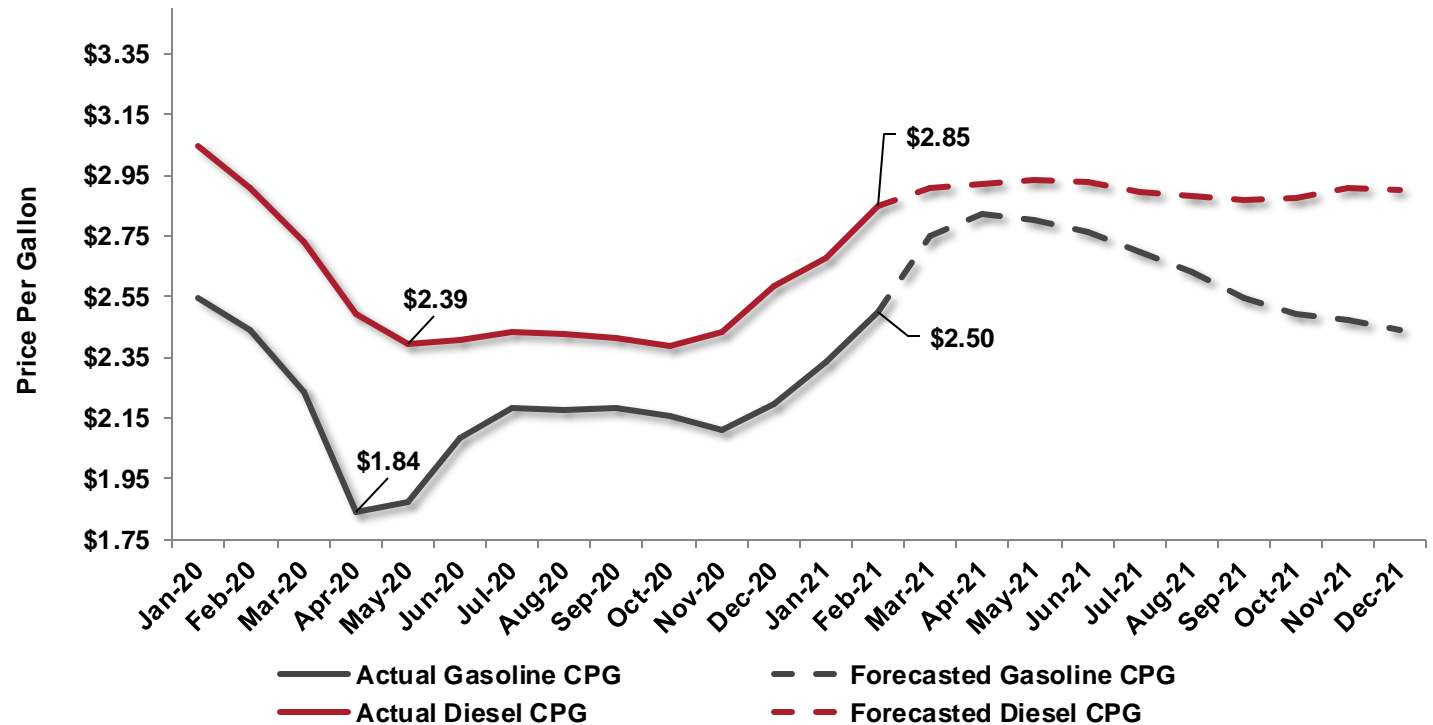


Auction values remain at record highs and are trending up. **The two top-level segments of trucks and cars are +13.3% and +8.7% Y/Y**, respectively. As these auction results show, valuations have remained above average and are expected to hold or increase throughout 2021 due to critical component and material shortages in new vehicle manufacturing.

The month of January stopped the decline in values realized since the peak in August. Values realized a change of **+4.7% for trucks and +6.0% M/M for cars**. Excluding compact cars, all segments have gained value in the wholesale market Y/Y. Compact and full-size pickup trucks have gained the most value compared with pre-COVID market conditions, an **increase of 52.9% and 26.4%**, respectively.

FUEL

National Average Cost per Gallon Regular Grade & Diesel

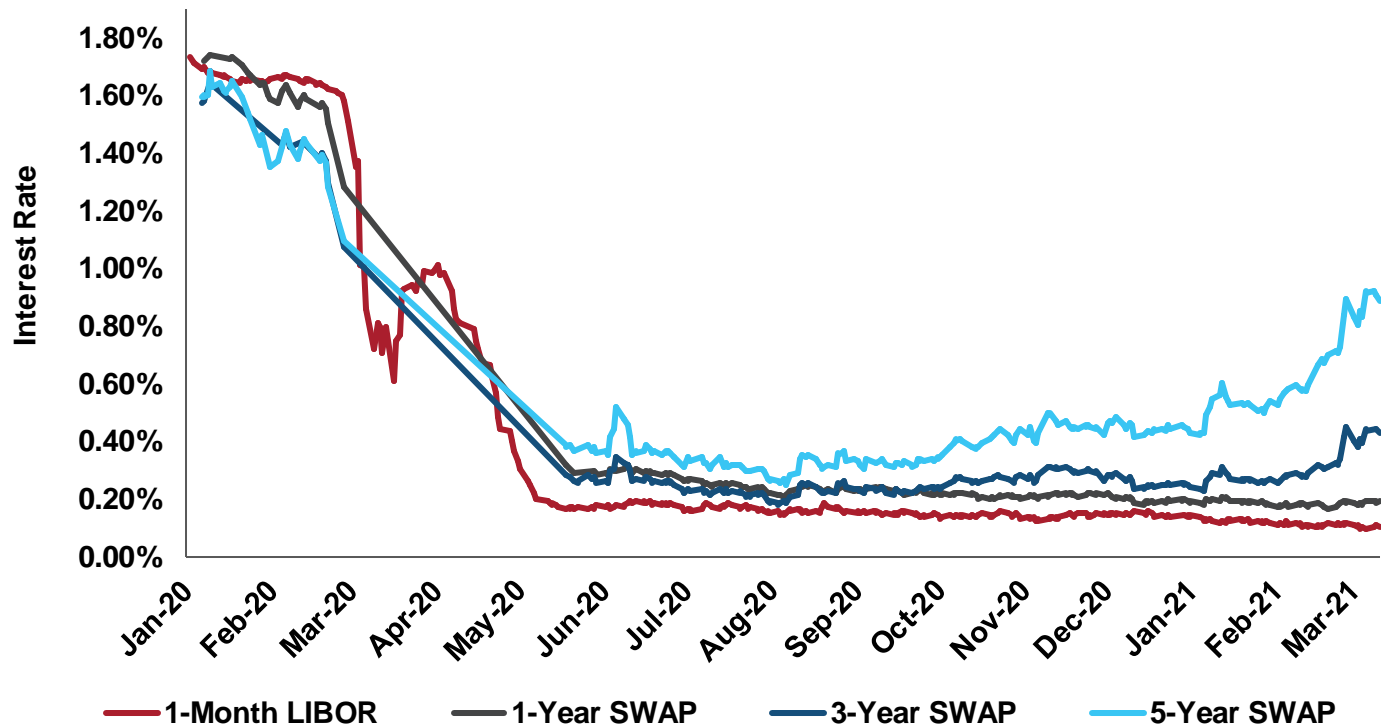


U.S. fuel prices fell sharply after a drop in demand and abundance of supply in the spring of 2020. Prior to effects from COVID-19, 2020 was generally projected to mimic 2019's fuel pricing.

Fuel is forecasted to follow a typical seasonal rise in the spring of 2021. The EIA's forecast has already seen multiple forecast bumps for winter 2020-2021 from earlier predictions. Prices in the near term are predicted to be the same for gas and slightly lower for diesel compared to pre-COVID market conditions.

INTEREST

Interest Rates



The 1-Month LIBOR rate is currently at 0.11% and has held below 0.20% since June. The 5-Year SWAP rate is trending upward, currently at 0.89%. It was as low as 0.25% in August 2020.

Interest rates fell through the initial months of the pandemic. Due to sustained economic challenges, interest rates have remained at historic lows. However, upward trending long-term indices signals a favorable time to lock in still-low fixed rates.