

Cost of Capital in the Current Environment

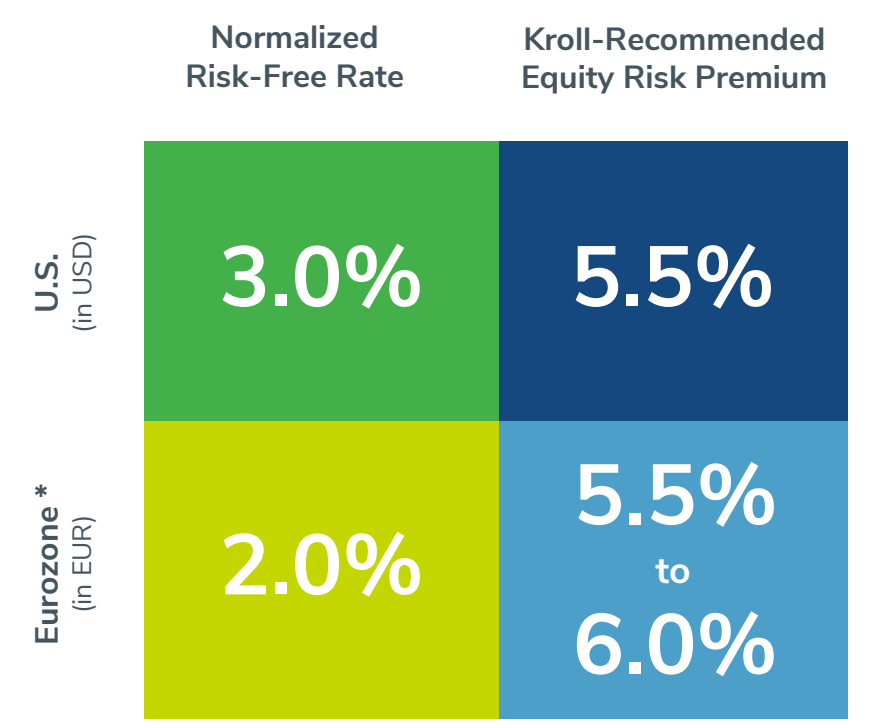
Update – May 2022

“ In December 2021, the global economy appeared to be on a strong path to recovery from COVID-19, although with some unevenness across regions. Since January 2022, global equity markets have become more volatile as investors try to ascertain the magnitude and speed at which central banks will raise interest rates, as a surge in inflation continues to surprise—reaching 30- to 40-year-highs in some countries. Russia’s recent war on Ukraine has placed further pressure on an already-strained global supply chain and is adding further to inflationary pressures. ”

Carla S. Nunes, CFA – Managing Director, Kroll

Kroll Cost of Capital Inputs

Data as of May 20, 2022

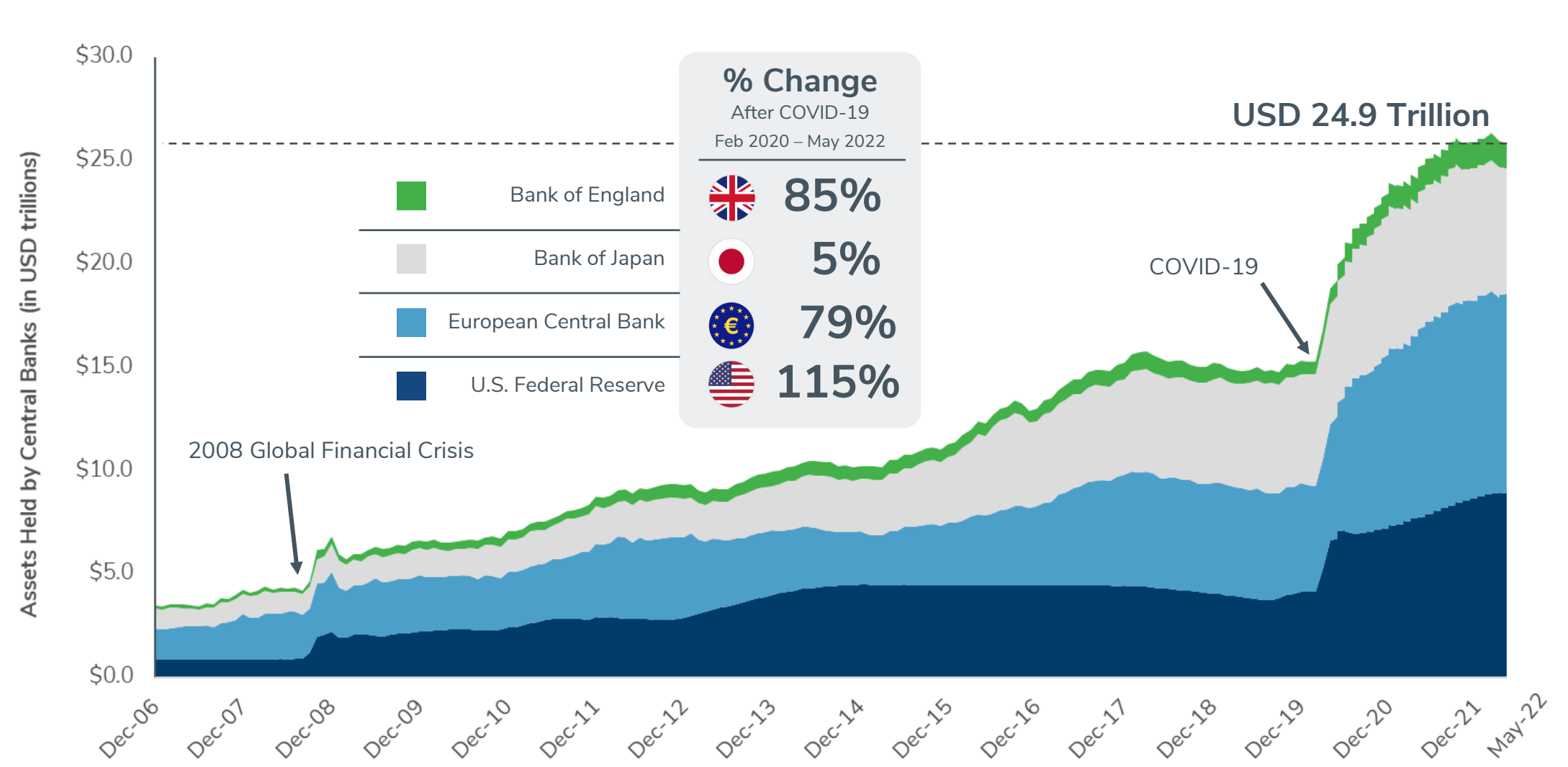


* German normalized risk-free rate and Eurozone equity risk premium (ERP) for use in EUR-denominated discount rates from a German investor perspective. Additional country risk adjustments may be warranted when estimating discount rates for other countries in the Eurozone.

For more information, visit: <https://www.kroll.com/costofcapitalnavigator>

Total Assets Held by Major Central Banks Over Time

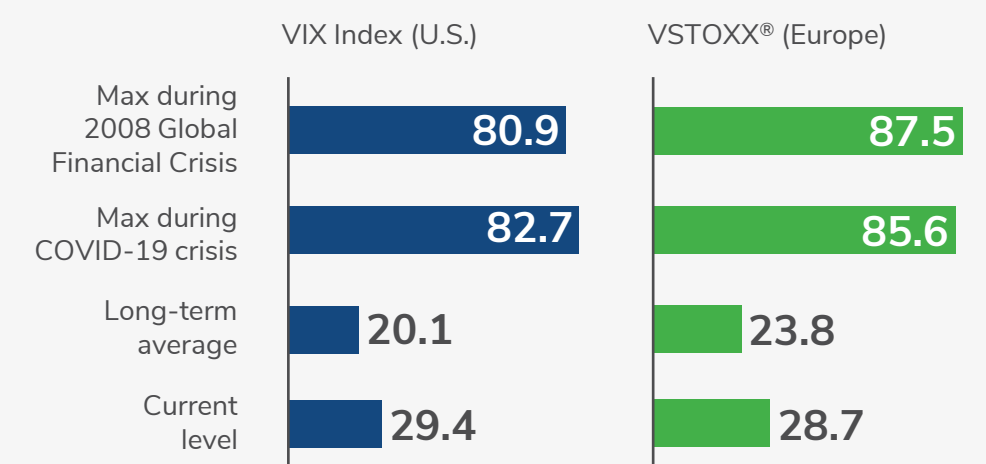
Data as of May 13, 2022



Sources: Capital IQ, FRED® Economic Data, Bank of England, Bank of Japan and European Central Bank

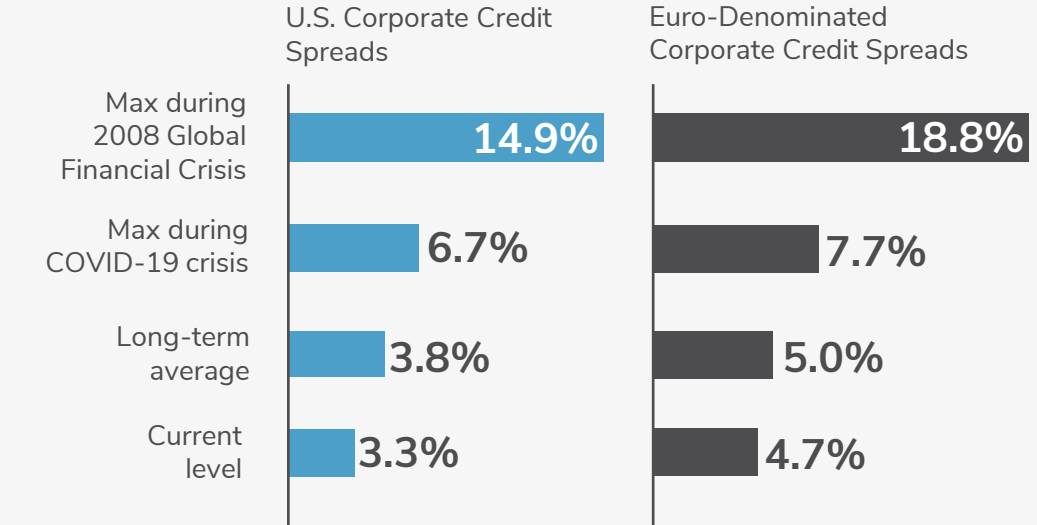
Global Market Volatility

Data as of May 20, 2022



Global Credit Spreads

Data as of May 20, 2022

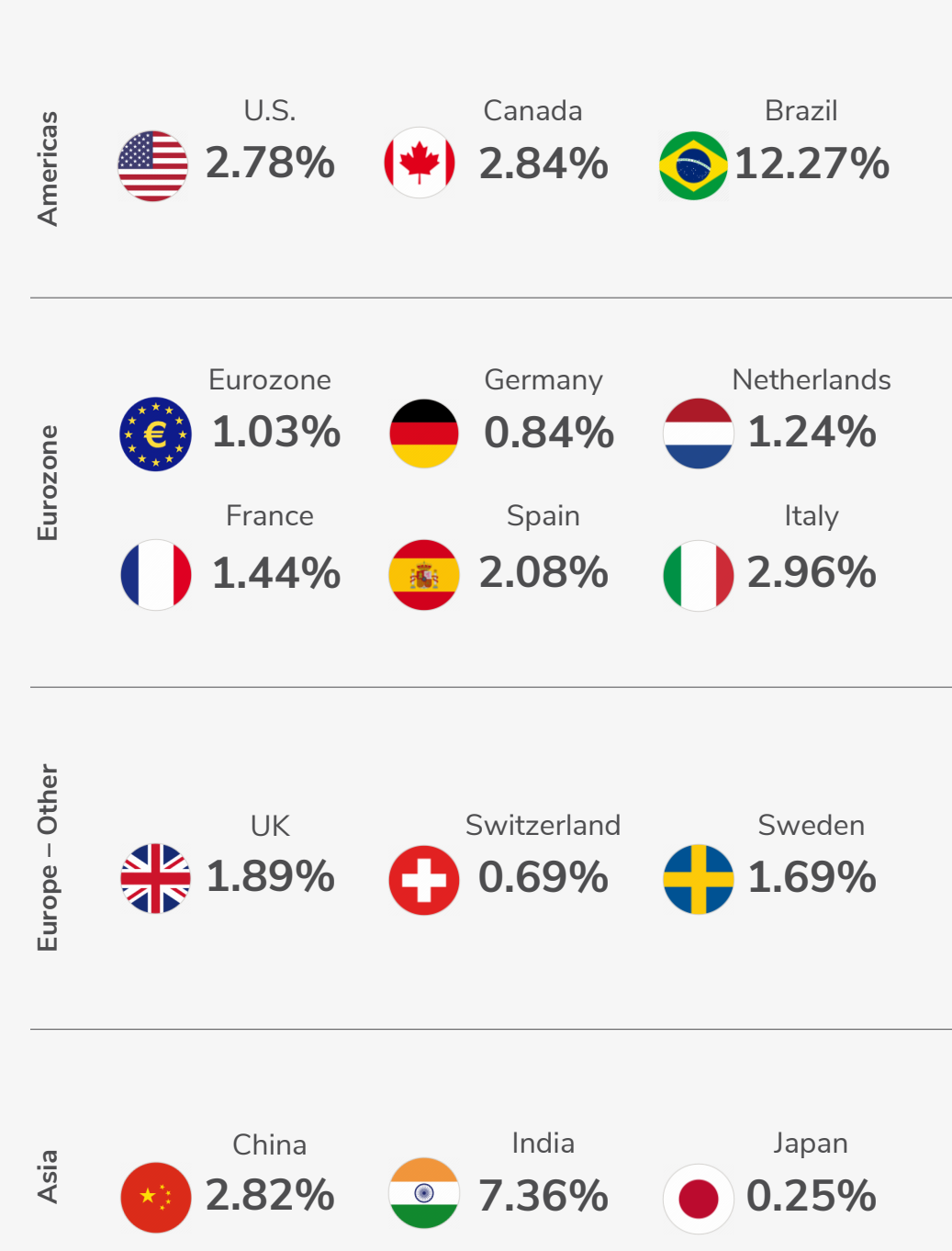


Sources: Capital IQ, FRED® Economic Data, Morningstar Direct

U.S. corporate credit spreads are based on the difference in effective yields between the ICE BofA U.S. High Yield Index and the ICE BofA U.S. Corporate Index. Euro-denominated corporate credit spreads are based on the difference in effective yields between the Bloomberg Barclays Pan-European High Yield Index (EUR) and the Bloomberg Barclays Euro Aggregate Corporate Bond Index. Long-term averages are based on 1995 to present for VIX daily series, 1999 to present for VSTOXX daily series, 1996 to present for U.S. credit spread daily series, and 1998 to present for EUR-denominated credit spread monthly series.

Global 10-Year Government Bond Yields

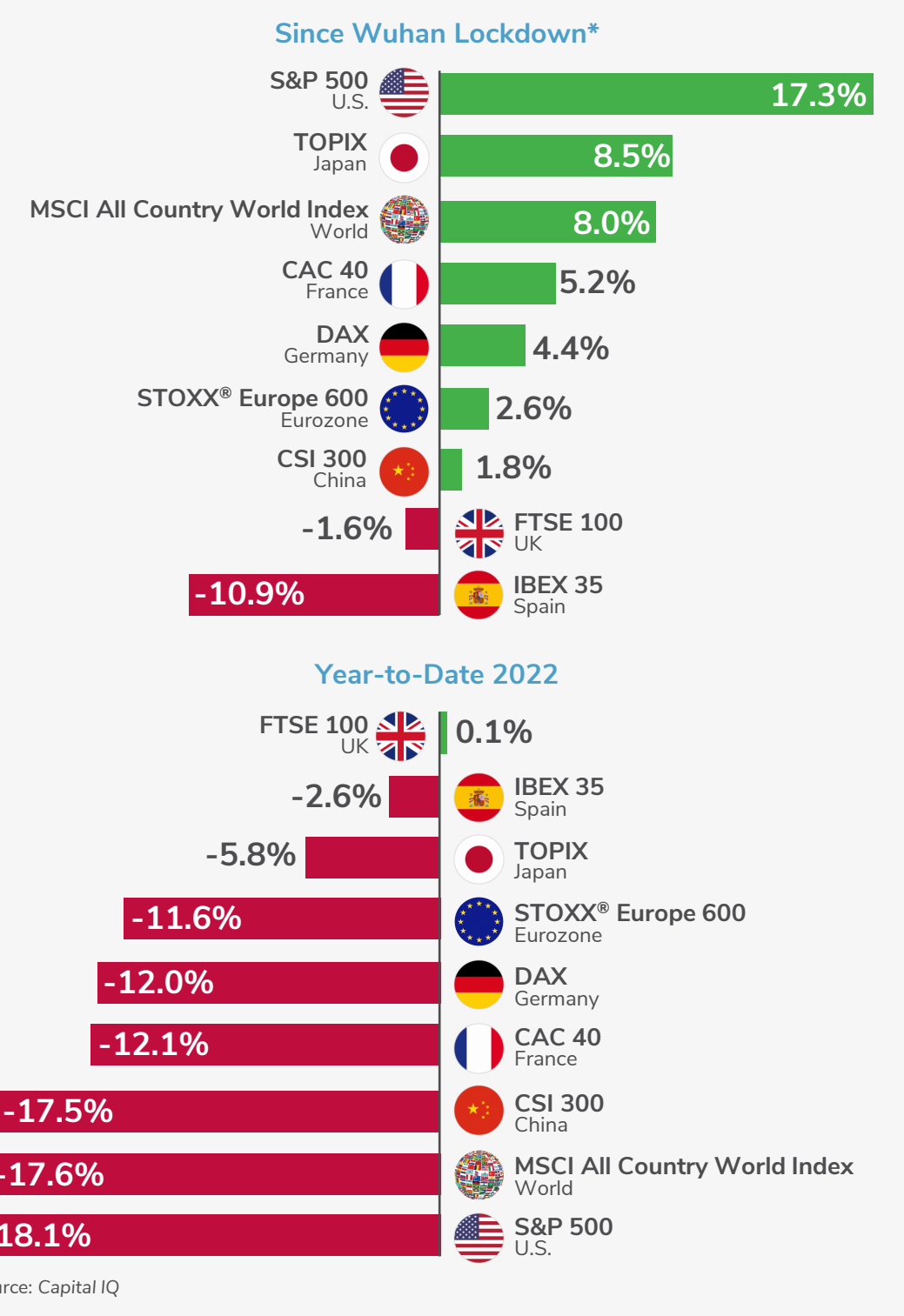
Data as of May 20, 2022



Sources: Bloomberg (Brazil, India), European Central Bank (Eurozone aggregate yield) and Capital IQ (other countries)

Stock Market Performance

Data as of May 20, 2022

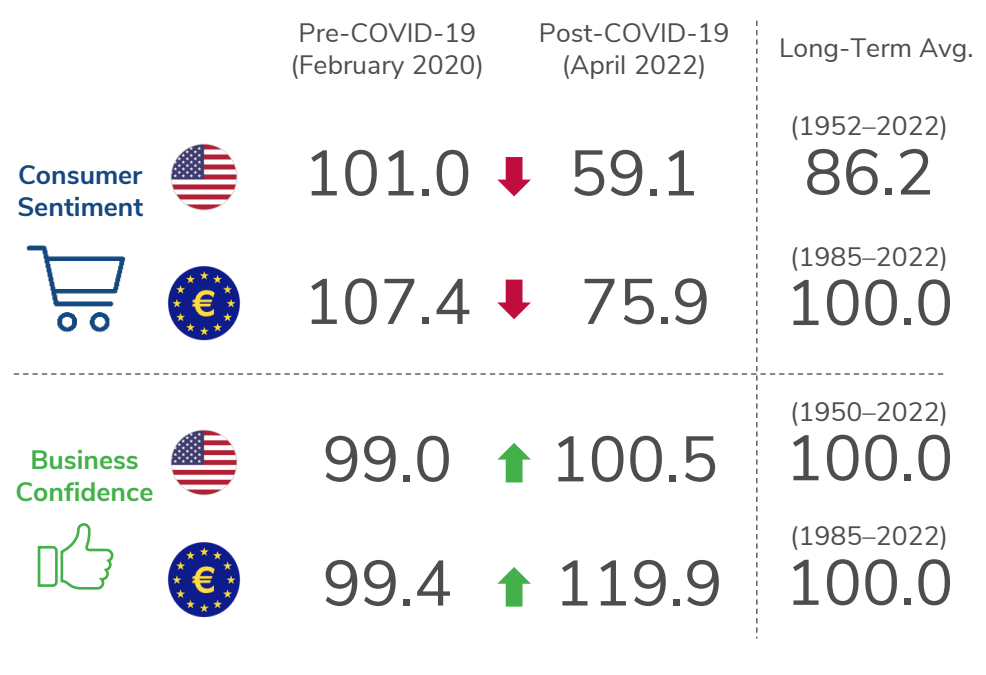


Source: Capital IQ

*The first lockdown due to COVID-19 began on January 23, 2020, in Wuhan, China.

U.S. and Eurozone Consumer Sentiment vs. Business Confidence

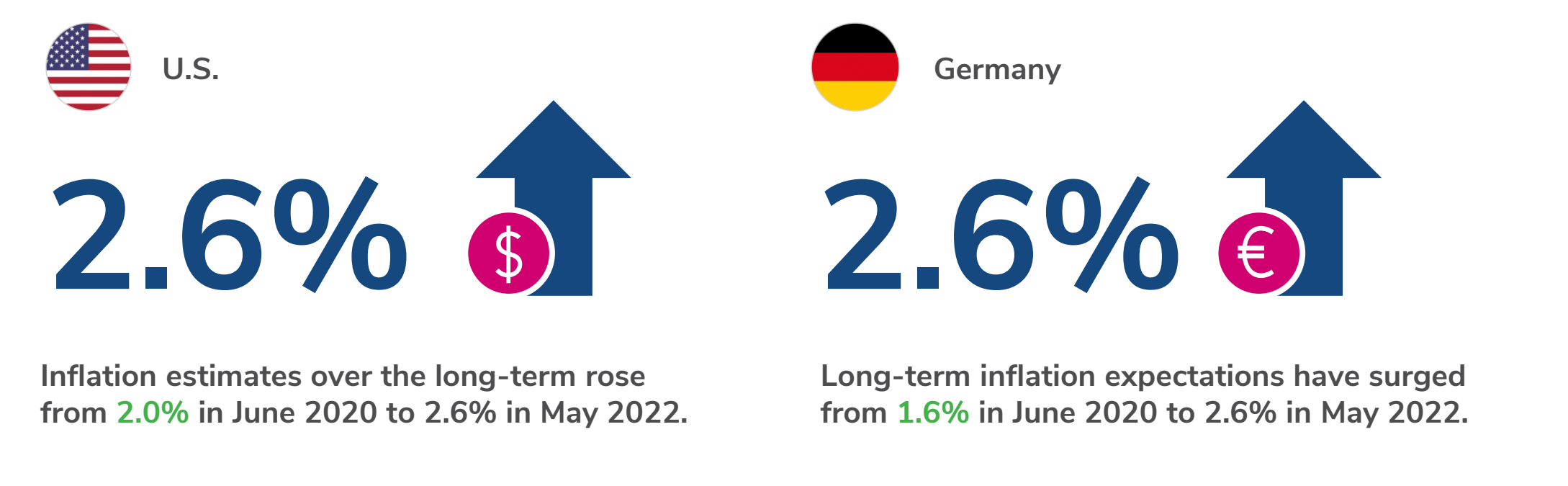
Data as of May 2022



Sources: Michigan University’s Index of Consumer Sentiment (updated through May 2022), OECD’s Business Confidence Index and European Commission business and consumer surveys (The same methodology that the European Commission uses to standardize its Economic Sentiment Indicator (ESI) was applied to the Eurozone Consumer Confidence and Business Climate Indicator series.)

Long-Term Inflation Expectations (Median)

Data as of May 17, 2022

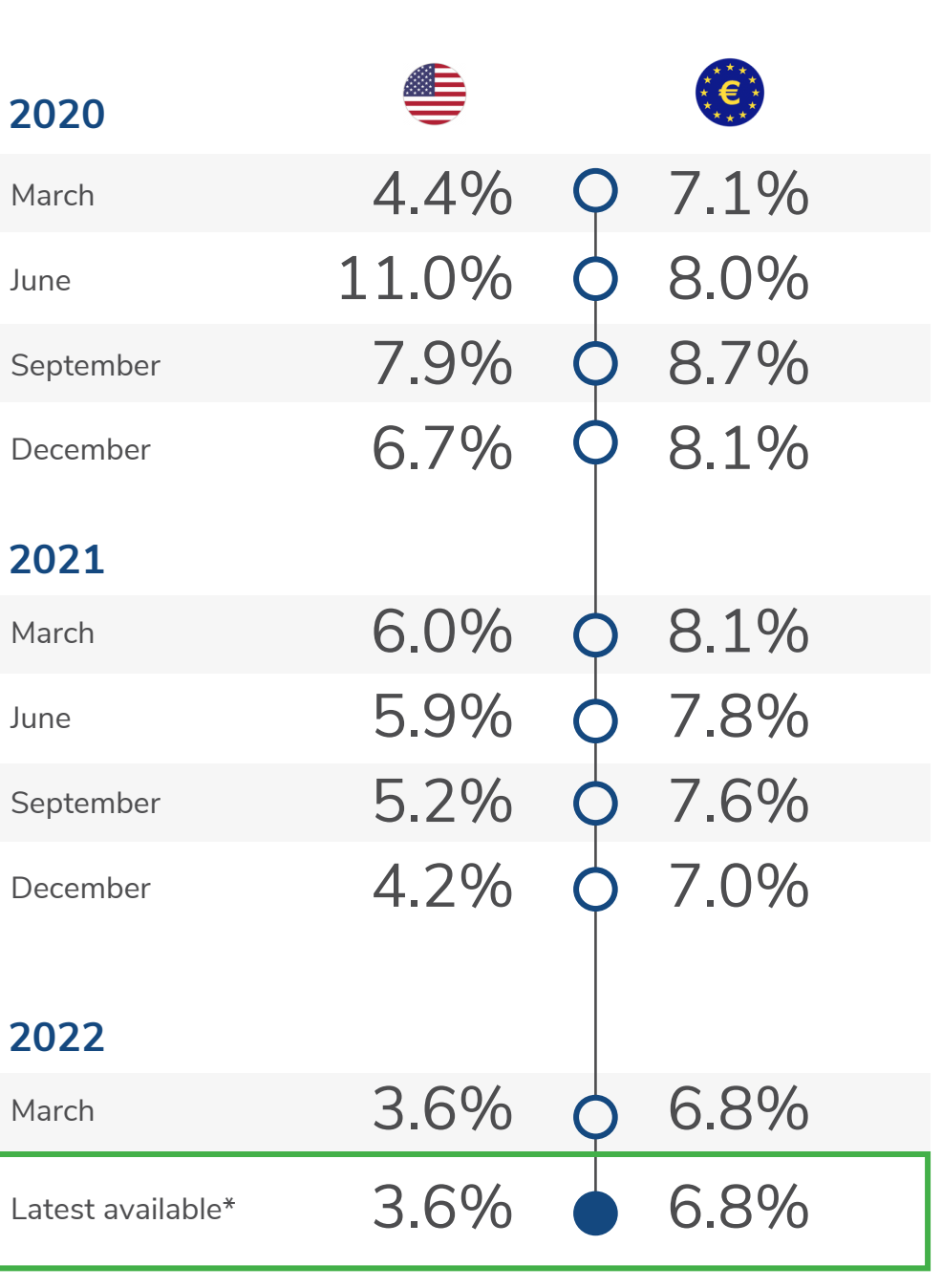


Sources of underlying U.S. data: Blue Chip Economic Indicators; Blue Chip Financial Forecasts; Consensus Economics; IHS Markit; Federal Reserve Bank of Cleveland; Federal Reserve Bank of Philadelphia (Aruba Term Structure of Inflation Expectations, Livingston Survey, and Survey of Professional Forecasters); Oxford Economics and the University of Michigan Inflation Expectations.

Sources of underlying German data: Consensus Economics, Economist Intelligence Unit, IHS Markit, International Monetary Fund, Oxford Economics and PwC

U.S. vs. Eurozone Unemployment Rate

Data as of April 2022

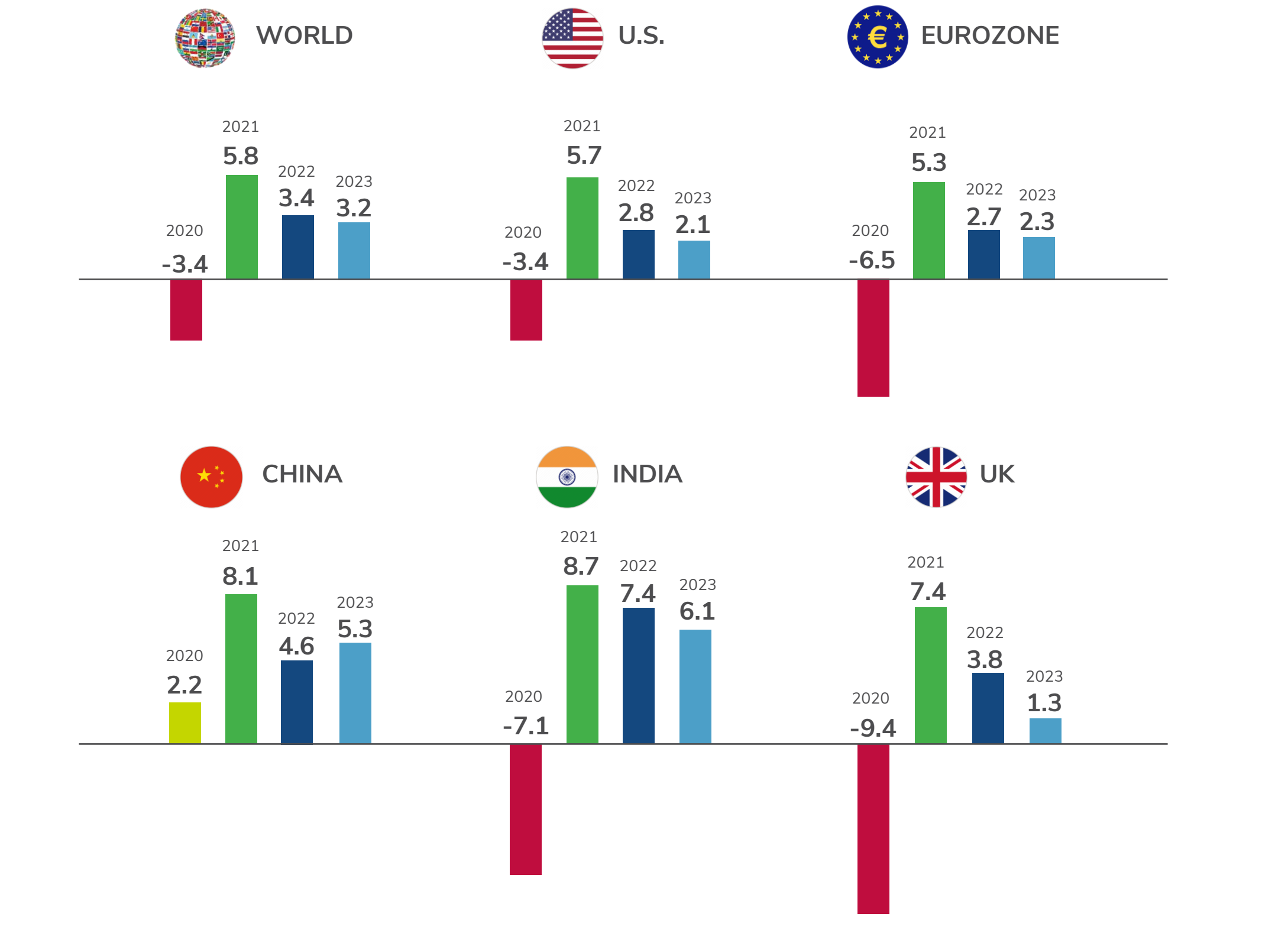


Source: U.S. Bureau of Labor Statistics and Eurostat

* Data through April 2022 for the U.S. and March 2022 for the Eurozone.

Real GDP Growth (%) Estimates (Median)

Data as of May 20, 2022



Sources: OECD, International Monetary Fund, World Bank, Blue Chip Economic Indicators, Consensus Economics, Economist Intelligence Unit, Fitch Ratings, IHS Markit, Moody’s Analytics, Oxford Economics and S&P Global Ratings