

DeA Capital

Q320 results update

Expanded platform continuing to grow

During the past year, DeA Capital has exploited its financial strength and leading Italian position in alternative asset management (AAM) to grow and internationalise its AAM platform, extend its customer reach and enhance its product capability. The late 2019 agreements with Quaestio Group marked a further important step in this process and, despite COVID-19, the expanded platform has continued to grow AUM organically year to date.

Year end	Closing AUM* (€m)	AUM fees** (€m)	NAV/share (€)	DPS (€)	P/NAV (x)	Yield (%)
12/18	11.9	63.3	1.84	0.12	0.61	10.6
12/19	14.8	66.4	1.76	0.12	0.64	10.6
12/20e	15.3	69.3	1.64	0.12	0.69	10.6
12/21e	15.7	70.9	1.55	0.12	0.73	10.6

Note: NAV as reported, including goodwill. *Consolidated, exc. Quaestio associate
 **Platform AAM fees, before group consolidation adjustment for own funds managed, and including 'Other AAM'.

Accelerating AAM growth in Q320

The 93.6% growth in combined AUM between the end of Q319 and the end of Q320 significantly reflects the Quaestio transaction in November 2019, but organic growth is continuing despite COVID-19, driven by new fund launches. New fund launches completed in Q320 added €640m gross to AUM across real estate, credit and private equity. Net of fund maturities and including €7.7bn of assets managed by the equity accounted associate Quaestio Capital, 'combined AUM' was €23.0bn (end-H120: €22.5bn). Consolidated revenues increased by 7.3% in the first nine months of 2020 and 16.2% in Q320, compared with similar periods in 2019, while the Q320 AAM net operating result ('core' underlying earnings) of €5.5m took the year-to-date total to €13.0m (the first nine months (9m) of 2019: €11.2m). Our forecast for the AAM division and group NAV are little changed.

Increased presence and scale in alternatives

Alternative investments have taken an increasing share of the investment market in recent years. Although weaker economies and more volatile markets may still be a drag on future sales of AAM products and new fund launches, this has not yet been the case. The 2019 Quaestio transactions provide support in a larger base of fee-earning AUM and give DeA access to a wider customer base and Quaestio's added-value investment solutions and capital allocation capabilities. The continued growth and enhancement of DeA's AAM platform should leave it well positioned to capitalise on future market opportunities. Meanwhile, liquidity remains high (c 19% of NAV) and the strong balance sheet is well able to withstand any set back in investment portfolio valuations. We estimate a 10% increase/decrease in portfolio valuation increases/reduces NAV by c €0.05 per share.

Valuation: Low P/NAV and high yield

At c 0.7x Q320 IFRS NAV of €1.63, DeA has the lowest P/NAV of a range of peers and the highest yield. Our P/E ratio valuation of the AAM business supports the carried value of the businesses, including intangibles, and the group NAV.

Financial services

15 December 2020

Price **€1.13**

Market cap **€301m**

Consolidated net financial position (€m) at 30 September 2020 118.6

Shares in issue (exc. treasury) 261.2m

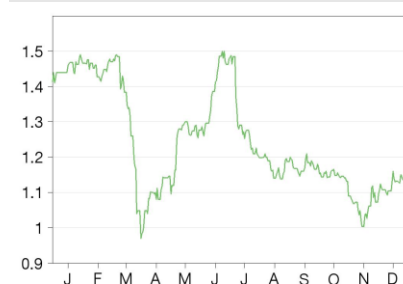
Free float 30.6%

Code DEA

Primary exchange BIT

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 5.8 (3.9) (19.8)

Rel (local) 1.4 (12.2) (13.8)

52-week high/low €1.50 €0.97

Business description

DeA Capital, a De Agostini group company, is Italy's leading alternative asset manager of real estate, private equity and non-performing loans. The 30 September 2020 combined AUM (including associates of €7.7bn) was c €23.0bn and the investment portfolio, comprising co-investment in funds managed, investment in the asset management platform, and direct investment, amounted to c. €340m.

Next events

Approval FY20 results Exp. March 2021

Analyst

Martyn King +44 (0)20 3077 5745

financials@edisongroup.com

[Edison profile page](#)

DeA Capital is a research client of Edison Investment Research Limited

Leader in Italian alternative asset management

DeA is the leading independent (non-bank) platform operator in AAM in Italy, providing a broad range of products and services for institutional investors. At 30 September 2020, combined AUM (including c €7.7bn managed by Quaestio Capital Management, in which DeA is the largest shareholder, acquiring a 38.8% stake in November 2019) were c €23.0bn.

DeA shares are listed on the FTSE Italia STAR section of the Milan Stock Exchange and the company is majority owned by De Agostini, a large Italian private group of companies owned by the Boroli and Drago families, with operations in the media, gaming and services sectors. De Agostini owns 67.1% of DeA and the free float is 30.4%.

Within the alternative investment area, DeA is engaged in the promotion, management and development of real estate, credit and private equity funds, as well as multi-asset/multi-manager investment solutions. Its growing AAM platform combines experience, knowhow and market reach to support the sourcing of investments, the structuring of often complex transactions and the ability to distribute these to a broad investor base.

The growth and development of DeA's AAM business is supported by a strong and liquid balance sheet. The end-Q320 NAV of €426.0m or €1.63 per share comprised the equity of the AAM businesses (€211.5m), a portfolio of alternative investments (€126.0m), mainly 'platform investments' or seed capital/co-investment in own-managed funds, and a strong holding company net financial position of €81.7m or €0.31 per share (the consolidated financial position, including subsidiary liquidity, was €118.6m).

Exhibit 1: DeA Capital group financial position at 30 September 2020

	Net assets (%)		Net assets (€m)		Net assets per share (€)	
	Sep-20	Dec-19 (adjusted*)	Sep-20	Dec-19 (adjusted*)	Sep-20	Dec-19 (adjusted*)
- DeA Capital Real Estate	30.7	130.8	141.2	0.50	0.54	
- DeA Capital Alternative Funds	13.9	59.2	55.6	0.23	0.21	
- Quaestio Capital	3.3	13.9	14.3	0.05	0.06	
- Other (YARD, DeA Cap. RE Trance, Iberia, Poland)	1.8	7.6	6.6	0.03	0.03	
Total alternative asset management (A)	49.6	211.5	217.7	0.81	0.84	
- Platform investments	23.9	101.8	118.0	0.39	0.45	
- Other alternative investments	5.7	24.2	51.4	0.09	0.20	
Total alternative investments (B)	29.6	126.0	169.4	0.48	0.65	
Investment portfolio (A + B)	79.2	337.5	387.1	1.29	1.49	
Other net assets/(liabilities)	1.6	6.8	4.6	0.03	0.02	
Holding co. net financial position	19.2	81.7	34.5	0.31	0.13	
NAV	100.0	426.0	426.2	1.63	1.64	

Source: DeA Capital. Note: *December 2019 (FY19) adjusted for subsequent payment of shareholder distribution relating to FY19 financial year (€0.12 per share/c €30m).

The significance of the AAM business, with its growing stream of recurring income, as the driver of the group financial performance and valuation can be seen in Exhibit 2. We examine the progress of the AAM business, with the underlying, core 'net operating result' increasing to €13.0m in the first nine months of 2020 (9m 2019: €11.2m), in the following section.

Exhibit 2: Management income statement

€m	9M 2020	9M 2019	FY19
Net result AAM division as reported	10.6	9.5	11.7
Other AAM	(2.4)	(1.7)	(2.9)
Net operating result AAM*	13.0	11.2	14.6
Alternative investment	(8.7)	2.4	5.3
Holding cost	(7.0)	(6.0)	(6.3)
Tax	3.7	0.6	1.6
Net group results	(1.4)	6.5	12.3

Source: DeA Capital. Note: *The net operating result AAM includes the net result attributable to DeA from the three platform management companies, DeA Capital Real Estate (100% owned), DeA Capital Alternative Investments (100% owned) and Quaestio Holding (38.8% owned), adjusted purchase price allocation amortisation (PPA) and other non-recurring items. PPA is an intangible asset established on acquisition, allocating the purchase price into various assets and liabilities.

Continuing AAM growth, supported by fund launches

Although the 93.6% growth in combined AUM between the end of Q319 and the end of Q320 significantly reflects the Quaestio transaction in November 2019, organic growth is continuing despite COVID-19, driven by new fund launches. The Quaestio transactions added €2.5bn directly to consolidated 'credit' AUM and €7.6bn of multi-asset/multi-manager non-consolidated AUM managed by the Quaestio associate.

Exhibit 3: AUM and combined AUM development

€bn unless stated otherwise	Q320	Q220	Q120	Q419	Q319	12-month change	Quarterly change
	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19		
Real estate	10.0	9.9	9.6	9.9	9.2	8.7%	1.0%
Credit	3.2	3.2	3.2	3.2	0.8	310.7%	0.3%
Private equity	2.0	1.8	1.8	1.8	1.8	12.5%	11.5%
Consolidated AUM	15.2	14.9	14.6	14.8	11.9	28.3%	2.1%
Quaestio Capital	7.7	7.6	7.5	7.8	N/A	N/A	2.6%
Combined AUM*	23.0	22.5	22.1	22.6	11.9	93.6%	2.2%

Source: DeA Capital data. Note: *Combined AUM includes the AUM of the 38.8%-owned associate Quaestio Holdings.

During Q320 the DeA Capital real estate segment completed the launch of new funds in Italy and a new project for the Iberian market, adding €200m in AUM. In the credit segment, the seventh and eighth closings of the Corporate Credit Recovery Fund II were finalised, adding €40m to AUM and increasing the fund size to c €615m. New private equity funds were c €400m, of which the largest component was €330m relating to the closing of the Taste of Italy II fund, to which DeA has committed €25m. Just after the period end, a new closing of €20m for the multi-manager DeA Endowment Fund, dedicated to foundations, was finalised.

Consolidated revenues increased by 7.3% in the first nine months of 2020 and 16.2% in Q320, compared with similar periods in 2019. The rate of change in year-on-year change in revenues is below that of AUM because of the significant shift in AUM mix. In Q320, the increase in revenues was above the growth in AUM and was above H120 quarterly average both on a consolidated basis (c €16.3m per quarter) and on a combined basis (c €6.4m per quarter) with the average revenue margin increasing very slightly. We understand that fund launches in Q320 had a positive impact on revenues in the period.

Exhibit 4: Asset management revenue development

€m unless stated otherwise	9M 2020	Q320	H120	9M 2019	Q319	H119	12-month change	Quarterly change
	30-Sep-20	30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-19	30-Jun-19		
Real estate	28.4	9.8	18.6	29.9	10.2	19.7	-5.0%	-3.9%
Credit	12.4	4.5	7.9	7.3	3.3	4.0	69.9%	36.4%
Private equity	10.7	4.6	6.1	10.8	2.8	8.0	-0.9%	64.3%
Consolidated revenues	51.5	18.9	32.6	48.0	16.3	31.7	7.3%	16.2%
Quaestio Capital	19.4	6.6	12.8	N/A	N/A	N/A	N/A	N/A
Combined revenues*	70.9	25.5	45.4	48.0	16.3	31.7	47.7%	56.8%

Source: DeA Capital data. Note: *Combined AUM includes the AUM of the 38.8%-owned associate Quaestio Holdings.

The AAM net operating result shown in Exhibit 2 includes DeA Capital Real Estate, DeA Capital Alternative Funds and DeA's share of earnings from Quaestio Capital, all adjusted for amortisation of PPA and other non-recurring items, including the investment result from fund holdings. 'Other' AAM includes the contribution from the 41%-owned property services associate YARD and the newly created pan-European real estate platform subsidiaries/associates in France, Spain, Germany and Poland, all of which are in the investment phase and loss-making. 'Other AAM' also includes (adds back) the adjustments for PPA and non-recurring items that are made to the core net operating result.

Exhibit 5: AAM divisional forecast

€m unless stated otherwise	2018	2019	2020e	2021e
Period-end AUM (€bn)				
DeA Capital Alternative Funds	2.430	4.942	5.224	5.224
DeA Capital Real Estate	9.451	9.888	10.094	10.451
Total consolidated AUM (€bn)	11.881	14.830	15.318	15.675
Quaestio AUM (€bn)		7.779		
Total period-end Platform AUM (€bn)	11.881	22.609	15.318	15.675
Growth in consolidated AUM (y-o-y)				
DeA Capital Alternative Funds	11%	103%	6%	0%
DeA Capital Real Estate	-1%	5%	2%	4%
Total growth in consolidated AUM	1%	25%	3%	2%
Period average consolidated AUM (€bn)				
DeA Capital Alternative Funds	2.230	2.722	5.083	5.224
DeA Capital Real Estate	9.266	9.352	9.864	10.251
Total period average consolidated AUM (€bn)	11.495	12.074	14.947	15.475
Management fees/AUM bps				
DeA Capital Alternative Funds	105.3	89.9	60.3	56.0
DeA Capital Real Estate	42.9	43.2	38.2	40.0
Asset management revenues				
DeA Capital Real Estate	39.8	40.4	37.7	41.0
DeA Capital Alternative Funds	23.5	24.5	30.7	29.3
Total alternative asset management fees (before group consolidation adjustments)	63.3	64.9	68.3	70.3
Quaestio	0.0	(0.2)	(0.4)	0.0
Other investment income/expense	(4.5)	2.0	(0.5)	0.0
Income from services	0.1	0.0	0.2	0.0
Total revenue	58.8	66.7	67.7	70.3
Total expenses	(45.3)	(45.9)	(48.0)	(47.8)
Finance income/expense	0.0	(0.1)	(0.1)	(0.1)
Profit before tax	13.5	20.6	19.5	22.4
Taxation	(4.8)	(6.6)	(4.0)	(6.7)
Profit after tax	8.7	14.0	15.5	15.7
Minority interests	0.2	(0.1)	0.0	0.0
Profit after tax	8.9	13.9	15.5	15.7
Adjustments:				
PPA		0.6	1.3	1.3
(Gain)/loss on real estate fund valuation		(2.0)	0.5	0.0
Real estate fund provisions		0.5	0.0	0.0
Quaestio non-recurring (post tax)		0.0	0.4	0.0
Other non-recurring		1.7	0.9	0.0
Tax effects		(0.3)	(2.7)	(0.4)
Total after-tax adjustments	6.4	0.6	0.4	0.9
AAM net operating result	15.3	14.6	15.9	16.6
Other AAM (underlying)	0.2	(2.2)	(2.3)	(3.2)
Adjustments/non-recurring items	(6.4)	(0.6)	(0.4)	(0.9)
AAM division on reported IFRS basis	9.1	11.7	13.2	12.5

Source: DeA Capital historical data, Edison Investment Research forecasts

The Q320 AAM net operating result was €5.5m compared with €7.5m in H120. The other AAM contribution was a negative €1.5m in Q320 compared with €0.9m in H120 and included reduced revenues (transaction driven) from the pan-European real estate subsidiaries and increased negative valuation adjustments for the platform real estate fund investments.

Our AAM divisional forecasts are little changed from those detailed in our [Outlook note](#). We continue to a forecast AAM net operating result of €15.9m in FY20 and €16.6m in FY21. Within the result, higher AUM and asset management revenues are offset by higher expenses and other items. Within other AAM, our forecast loss is slightly reduced as a result of higher revenues (although lower in Q3, it was above our assumption) and slightly lower costs.

Good cash flow and robust net asset value in quarter

During Q320 the holding company's net financial position increased from €71.3m at H120 to €81.7m. Including balances within the subsidiaries, the consolidated net financial position increased from €97.2m to €118.6m. During the quarter, capital calls on DeA's fund commitments were €2.1m (€5.8m for 9m 2020) and capital reimbursements were €3.4m (€10.4m for 9m 2020). Additionally, DeA received €5.7m (making a total of €22.2m) from the liquidation of its investment in the special purpose acquisition vehicle IDeaMI.

Net asset value per share was unchanged in Q320 compared with H120 at €1.63 per share, with the retained earnings of the AAM business offset by the net effect of alternative investment (the alternative investment asset portfolio) and holding costs and a positive tax contribution (Exhibit 2).

The Q320 NAV per share is up slightly on end-2019, adjusted for the €0.12 distribution paid during H120. The NAV total return (change in NAV plus dividends paid) for 9m 2020 was 1.2%.

NAV captures AAM valuation fairly

The current equity of the AAM platform companies is carried at €211.5m, similar to H120 (€207.5m) and includes c €126m of goodwill and intangible assets. This is equivalent to a 13.0x multiple of the FY20e net operating result and 12.5x the FY21e result.

Obviously, an investor cannot access the core platform earnings in isolation so it is reasonable to include the other AAM result, although noting this is burdened by investment costs related to the pan-European real estate build-out. Based on the underlying earnings for the total AAM division (including 'other AAM' but excluding PPA, investment gains/losses and other non-recurring items), the AAM equity is equivalent to a 16.0x multiple for FY20 and 15.4x for FY21.

This suggests that in broad terms the AAM equity carried within the NAV of the group fairly matches the underlying fair value of the AAM platform, measured in terms of earnings capacity and fair market multiples.

Exhibit 6: AAM platform valuation

	FY20e	FY21e
AAM net operating result (€m)	15.9	16.6
Implied P/E ratio based on AAM net operating result (x)*	13.0	12.7
Underlying AAM result including 'Other AAM' (€m)	13.0	13.4
Implied P/E ratio based on underlying total AAM result (x)*	16.0	15.7

Source: Edison Investment Research. Note: *Ratio of carried AAM NAV to earnings.

Our group NAV per share forecasts are little changed and as discussed in our [Outlook note](#), DeA's P/NAV of c 0.7x is the lowest in its peer group and at c 10% (with distributions supported by a strong holding company financial position rather than recurring earnings) its yield is the highest. This suggests there is significant value potential not captured in the current share price. In part, this reflects a low return on equity (ROE) compared with the peer group (compound annual average NAV total return of 1.1% over the five years to end-FY19), partly but not wholly explained by the depressing effect of high liquidity. A continued successful deployment of resources into the further growth of the low capital intensity AAM platform, while continuing to reward shareholders with attractive distributions, should enhance ROE.

Share buy-back programme to manage P/NAV discount

Recognising the significant discount to NAV at which the shares trade, DeA has a share repurchase programme in place with a target of acquiring up to 20% of the ordinary shares outstanding. Since starting the buy-back in November, DeA has acquired almost one million shares, increasing the end-Q320 treasury share position of c 5.6m shares (c 2.1%) to c 6.6m shares or c 2.5% of the total. The shares were acquired at an average c €1.11, a more than 30% discount to NAV. Further accretive repurchases are likely although currently reduced trading liquidity in the shares and limitations on the proportion of daily volumes that repurchases may represent are limitations.

Exhibit 7: Financial summary

Period ending 31 December (€000's)	2015	2016	2017	2018	2019	2020e	2021e
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Alternative Asset Management fees (after inter-company eliminations)	62,416	59,114	57,944	62,422	66,117	69,136	70,717
Income (loss) from equity investments	(539)	524	3,898	(59)	(647)	(472)	400
Other investment income/expense	72,464	12,338	8,633	37,848	6,832	(11,692)	0
Income from services	18,496	8,509	2,208	2,505	378	69	0
Other income	3,204	288	144	141	63	390	0
Revenue	156,041	80,773	72,827	102,857	72,743	57,431	71,117
Expenses	(128,514)	(66,888)	(98,616)	(56,232)	(59,475)	(62,275)	(60,988)
Net Interest	4,982	(1,220)	(84)	485	2,791	(2,375)	(260)
Profit Before Tax	32,509	12,665	(25,873)	47,110	16,059	(7,219)	9,869
Tax	6,452	(199)	(420)	(5,765)	(5,003)	448	(3,442)
Profit After Tax	38,961	12,466	(26,293)	41,345	11,056	(6,771)	6,427
Profit from discontinued operations	286	0	682	0	0	0	0
Profit after tax	39,247	12,466	(25,611)	41,345	11,056	(6,771)	6,427
Minority interests	1,825	(39)	13,959	(30,275)	1,200	6,471	0
Net income (FRS 3)	41,072	12,427	(11,652)	11,070	12,256	(300)	6,427
Profit after tax breakdown							
Private equity	78,322	7,859	8,327	39,152	4,896	(14,475)	0
Alternative asset management	(37,304)	7,309	(31,073)	9,228	10,920	12,573	12,499
Holdings/Eliminations	(1,771)	(2,702)	(2,865)	(7,035)	(4,760)	(4,308)	(6,072)
Total	39,247	12,466	(25,611)	41,345	11,056	(6,210)	6,427
Average Number of Shares Outstanding (m)	266.6	263.1	258.3	253.9	258.9	260.0	260.0
IFRS EPS (cents)	15.4	4.7	(4.5)	4.4	4.7	(0.1)	2.5
Paid distributions per share (cents)	30.0	12.0	12.0	12.0	12.0	12.0	12.0
BALANCE SHEET							
Fixed Assets	558,086	559,335	454,156	390,278	420,644	346,191	346,591
Intangible Assets (inc. goodwill)	167,134	156,583	117,233	114,768	147,559	125,938	125,938
Other assets	38,590	35,244	10,305	26,567	25,494	23,550	23,550
Investments	352,362	367,508	326,618	248,943	247,591	196,703	197,103
Current Assets	173,882	141,521	178,161	185,686	171,937	184,199	159,029
Debtors	20,694	15,167	32,955	18,729	16,860	15,159	15,159
Cash	123,468	96,438	127,916	143,767	99,511	119,012	93,842
Other	29,720	29,916	17,290	23,190	55,566	50,028	50,028
Current Liabilities	(31,294)	(26,979)	(34,783)	(40,720)	(85,020)	(58,517)	(58,517)
Creditors	(30,643)	(25,757)	(34,583)	(40,516)	(68,498)	(58,507)	(58,507)
Short term borrowings	(651)	(1,222)	(200)	(204)	(16,522)	(10)	(10)
Long Term Liabilities	(15,514)	(12,830)	(12,475)	(29,464)	(26,463)	(27,890)	(27,890)
Long term borrowings	0	(19)	0	(2,859)	(1,020)	(3,211)	(3,211)
Other long term liabilities	(15,514)	(12,811)	(12,475)	(26,605)	(25,443)	(24,679)	(24,679)
Net Assets	685,160	661,047	585,059	505,780	481,098	443,983	419,213
Minorities	(138,172)	(131,844)	(95,182)	(39,299)	(23,634)	(16,635)	(16,635)
Shareholders' equity	546,988	529,203	489,877	466,481	457,464	427,348	402,578
Year-end number of shares m	263.9	261.2	255.7	253.8	260.0	260.0	260.0
NAV per share (€)	2.07	2.03	1.92	1.84	1.76	1.64	1.55
CASH FLOW							
Operating Cash Flow	188,492	19,148	91,146	96,408	9,151	50,933	6,027
Acquisitions/disposals	70	(290)	(633)	(275)	(6,640)	5,190	0
Financing	(38,148)	(4,362)	(26,073)	(46,994)	(11,840)	(4,092)	0
Dividends	(82,432)	(33,494)	(32,962)	(33,098)	(37,531)	(32,531)	(31,197)
Other							
Cash flow	67,982	(18,998)	31,478	16,041	(46,860)	19,500	(25,170)
Other items	(97)	(8,032)	0	(190)	2,604	0	0
Opening consolidated cash	55,583	123,468	96,438	127,916	143,767	99,511	119,011
Closing consolidated cash	123,468	96,438	127,916	143,767	99,511	119,011	93,841
Financial debt	(651)	(1,241)	(200)	(3,063)	(17,542)	(3,221)	(3,221)
Closing consolidated net (debt)/cash	122,817	95,197	127,716	140,704	81,969	115,790	90,620
Consolidated net financial position	133,816	103,139	128,901	100,994	105,579	116,002	90,932

Source: Company data, Edison Investment Research

General disclaimer and copyright

This report has been commissioned by DeA Capital and prepared and issued by Edison, in consideration of a fee payable by DeA Capital. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2020 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are 'wholesale clients' for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a 'personalised service' and, to the extent that it contains any financial advice, is intended only as a 'class service' provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia