Local Insights

2023 Emerging Markets Roundtable

On October 10, 2023, ABS hosted a roundtable discussion for a small group of emerging markets local investment specialists and allocators. The idea was to promote an exchange of ideas about equity market trends and investment opportunities. The result was a day of healthy debate and discussion covering a wide range of topics across all countries within the emerging markets asset class. In the pages that follow, we wanted to share some highlights and insights from this event.

N

In November 2022, the Chinese government started dismantling zero-Covid policies that had weighed on China's growth outlook for the prior three years. China watchers had high expectations for China's recovery, but the reality has fallen short of those expectations. Why has the economic data coming from China been weaker than expected?

Our China specialist described a few factors driving China's disappointing economic figures in 2023. First, we discussed how economic activity in 2021 and 2022 helped shape 2023's results. Despite still being under Covid restrictions, China delivered relatively robust economic results in 2021 and 2022. The government managed the economy well and companies, including exporters, made money during this period. Many Chinese companies used this favorable backdrop as an opportunity to build new manufacturing capacity. Unfortunately, since then demand from overseas has decreased as the concerns over geopolitics and the health of the global economy have increased. The result has been a slump in fixed asset utilization, particularly in 2023. As manufacturing is a meaningful portion of China's GDP, this depressed fixed asset utilization dynamic has weighed down on economic data and contributed to the disappointing GDP figures during 2023.

In addition, China is undergoing a crisis of confidence. Local sentiment regarding the economy has decreased and the property sector crisis has further added to this apprehension. While roundtable participants who had recently been to China confirmed that life seemed normal on the ground and the population was visibly spending on items such as services and travel, our China specialist explained that consumption of larger ticket items has stagnated. At the individual level, expenditures on items such as cars, houses and larger appliances have been weak. Similarly at the corporate level, capital expenditure has softened.

While we are seeing a weaker-than-expected economic recovery, participants seemed to agree that a reversion to long-term growth should not be ruled out. As a reminder, most countries took 3 to 4 quarters to rebound after their re-opening. This indicates that China is still in its post-re-opening journey. In addition, the Chinese government is focused on achieving the dream of China becoming "great again". Xi Jinping declared economic development as the Communist Party's top priority at the 20th party congress at the end of 2022. In fact, he has set a target for Chinese GDP to overtake US GDP by 2033.

Is China Investable today?

The predominant view that surfaced from our roundtable discussion was that as long as China's economy is growing and bottom-up investment opportunities exist, China should be investable. While economic growth is lower than 10 years ago, it is still growing above developed market levels and has potential to reverse course. At present, Xi Jinping and the Chinese government are focused first and foremost on economic growth and have set aggressive targets to achieve robust GDP objectives.

At the micro level, decreased GDP growth has meant that the universe of companies that can deliver rapid growth has halved in in the last 10 years. However, as reported by our China specialist, the universe is still deep and broad enough that savvy and experienced local specialists are still able to find attractive opportunities across all areas of the market. Entrepreneurship is still very much alive, and companies continue to grow and expand.

Finally, the combination of current attractive valuations and accelerating earnings growth in 2024 are creating compelling investment opportunities within Chinese equity markets. Today the MSCI China Index trades slightly below its 10-year price-to-earnings average. Looking at price-to-book, the index trades slightly below 1.5 standard deviations from its 10-year average. Meanwhile, China A-shares non-financial stocks' earnings are expected to grow +19.6% in 2024 and H-shares non-financial stocks' earnings are expected to grow +16.5%. Despite all the sentiment swings and noise we have seen in Chinese equity markets this year, the bottom-up outlook for China equity investors is still attractive.

Geopolitical tensions between Taiwan and China have simmered in the background for years. How serious is the risk of a war over Taiwan?

There was universal sentiment from panelists was that the likelihood of a war or conflict between China and Taiwan over the next 5-10 years is low. Most countries in the world, particularly the US, rely on Taiwan for high-end technology and as a result, a conflict would have far reaching repercussions on the global technology supply chain. This fact acts as a major motivation for preserving peace in the region.

From the perspective of China, Xi Jinping and the Chinese government are currently focused first and foremost on economic growth. Trade wars and plans regarding Taiwan have been de-prioritized relative to revitalization of the economy. In addition, China is among the countries reliant on Taiwanese technological exports. While Chinese companies can produce lower-end technologies domestically, they cannot easily produce high-end chips currently sourced from Taiwan. Whether China will be able to catch up and develop these capabilities domestically remains to be seen. However, one thing is certain: it would take multiple years. For the next few years, the status quo is much more comfortable for all those involved.

For Institutional Use Only. The information contained herein is Confidential

TAIWAN INSIGHTS

2023 has been marked by an AI hype cycle. How is Taiwan positioned to benefit from the structural shift in demand associated with this trend? What prevents other countries from growing into semiconductor or AI superpowers as great as Taiwan? What makes Taiwan's competitive advantage sustainable?

Our Taiwan specialist described that Taiwan's significance in the semiconductor and hardware space is unparalleled. It is the global leader with over 60% of foundry market share. Within the advanced capacity semiconductors space, Taiwan's market share is greater than 90%. While other countries like China, Japan, Korea or even US have gained market share in lower technology part of the market (i.e. less than 10nm memory), there is no other country that has the intelligence and experience to compete with Taiwan in the high-technology space.

In addition to leading the high-tech semiconductor industry, Taiwan is at the heart of the semiconductor ecosystem. While most people tend to immediately associate the industry with TSMC, there are many Taiwanese companies that represent leadership positions within the semiconductor and hardware ecosystem, including IP/design services, foundries, IC design and EMS.

There are two key hurdles for any country to compete with Taiwan in the semiconductor space. The first is monetary. Building a new cutting-edge foundry today is a major capital investment. While the cost will ultimately depend on the size, materials and equipment needed for the project, the capital requirements for building a new foundry can quickly balloon to $10-20billion.

The second major hurdle is human capital. Given Taiwan's leadership in the semiconductor ecosystem, they produce the most qualified and sophisticated electrical engineers in huge quantities every year. By comparison, places like the US have shortages of professionals with the specific required skills. It is unlikely that thousands of engineers and technicians as well as the necessary equipment would all move from Taiwan to a new destination on the scale required for a functioning cutting-edge foundry.

During the roundtable event we discussed that these are precisely the challenges that TSMC is facing as it builds its first US-based foundry. The Arizona-based chip factory was originally expected to be operational by late 2024. However, these estimates have been meaningfully delayed given the shortage of technical workers with critical expertise in the US. In addition, costs associated with building a foundry outside of Taiwan have proved to be meaningfully higher, resulting in rumors that the cost for US-fabricated TSMC chips would be higher than Taiwan produced products. The same trend occurred with TSMC's Japan foundry.

When it comes to the technology space in Taiwan, are there companies worth looking at in Taiwan beyond TSMC?

When people think about semiconductors and the opportunity in Taiwan, everyone thinks about TSMC. However, there is a huge opportunity in the mid-cap space. Our Taiwan specialist explained that the largest players tend to have a limited growth runway and end up being beta drivers of a Taiwan stock portfolio. Meanwhile, mid-cap companies many times have faster growth opportunities. Meanwhile The question then becomes how to find these mid-cap opportunities. Analyst coverage of this area of the market tends to be light and the few locals that do invest in these stocks tend to be short-term oriented momentum chasers. If investors can afford to have the staying power to make long term investments, the opportunities created by market distortions are meaningful.

KOREA INSIGHTS

Why should investors be looking at the Korean equity market today?

Participants in ABS's event hear about Korea's innovation and global differential. Korea is ranked as one the most innovative countries in the world by Bloomberg's 2021 Innovation Index. It boasts advanced cutting-edge manufacturing technology linked to a variety of sectors including semiconductor chips, electrical vehicle batteries, biotechnology, and artificial intelligence (AI).

In addition, it is home to some of the world's most successful consumer technology brands including smartphones, electric vehicles, consumer electronics and home appliances. These brands are not only successful locally, but most are global brands with expanding businesses.

Finally, the strong entrepreneurship culture in Korea continues to push forward innovation. Of the 10 richest people in Korea, 6 are self-made billionaires who built their wealth through entrepreneurship.

INDIA INSIGHTS

India has been heralded by many as the next big investment destination for global investors. How have demographics, the economy and politics created what seems to be a bullet proof investment story?

There was a general agreement among participants in the roundtable event that under prime minister Modi, India has undergone some of the most fundamental and transformational changes in its history. The key goals of these changes have been formalizing the economy, reducing corruption, and fostering long-term economic development. Over the last 10 years, the economy has grown from the 10th largest in the world to the 5th largest. Today India is at an inflection point of $2,200 GDP per capita. With Modi in power, it is likely we will see another 10 years of 10% GDP growth.

In addition to the recent transformational benefits, India has one of the largest demographic advantages for any country in the world, with 2/3 of its population under the aged of 35. It is also the world's largest democracy.

At the corporate level, India offers companies across a wide range of businesses, ranging from basic industries to high tech sectors. The country has multiple mega trends propelling businesses across consumption, digitalization, premiumization and manufacturing exports. Incumbent companies have the size, scale, balance sheet and pricing power to foster sustainable earnings for the next few years.

India is among the most expensive geographies in the emerging markets asset class. Is this premium justified and do you expect a correction?

While participants in ABS's roundtable event recognized that India presents interesting investment opportunities over the coming years, most agreed that high valuations were the greatest hurdle for investors assessing an investment in the market. Indeed, Indian equities have long maintained high valuations relative to peers in the emerging markets asset class. However, as our India specialist highlighted, there is some justification for the so-called "India premium". Over the years India has demonstrated strong corporate governance and transparency. In addition, the fact that it's a capitalistic-run market with a lower proportion of state-owned enterprises often results in a higher premium. Lastly, Indian companies tend to be majority-owned and controlled by founders thus the free float of stocks tend to be lower which leads to a higher premium.

Finally, and perhaps most importantly, India's industries have been underinvested over the last 10-15 years. As competition has dwindled, leaders across different industries have gained market share, strengthened the sustainability of their businesses and improved visibility of earnings. Suzuki has 47% market share. IndiGo is the largest airline in India with 52% market share. The largest cement company has 20% market share. There has been huge monopoly, oligopoly, duopoly creation simply because companies have not invested enough to compete with market leaders. This has created very strong barriers to entry and leads to strong pricing power for leading companies in India. All of these factors lead to high valuations at the stock level, relative to other emerging markets.

SOUTHEAST ASIA INSIGHTS

Southeast Asia is a collection of smaller markets in Asia that is often forgotten and unloved by investors. Given that combined, they represent less than 6% of the MSCI Emerging Markets Index, why should investors pay attention to these markets?

The real attractiveness of Southeast Asia lies in the predictability of the region's future growth. Roundtable participants discussed the meaningful parallels between the development process experienced by Northern Asian countries and Southeast Asian countries. The sentiment across participants was that an astute investor should be able to analyze the history of these countries and better understand where they stand today and project where they are headed.

North Asia and Vietnam are an example of this. North Asia went through its economic transformation in the late 1980s and 1990s. At the time, Northern Asian countries benefitted from having stable governments with clear economic goals. In the late 1980s, the percentage of formal retail shops in Korea and Taiwan was only around 4-5% of the retail market. Most people bought things from the market in an informal way. Fast forward to today and formal shops represent close to 70-80% of retail across Northeast Asia.

Vietnam started the path to reform in 2002. In 2014 formal retail represented approximately 5% of the total retail market. Today that number has grown to 24%. If things progress as they have for the past 15 years, that number should grow to 50%, 70%, or maybe 80% over the next 10 years. Participants were generally of the view that if you analyze the geography, demographics, political situation, and market structure, what happened in North Asia is very likely to happen in Vietnam, provided Vietnam

remains on its current path. The same can be said of Indonesia and the Philippines. The potential for uninterrupted growth is real. What could derail that path? The answer is typically political or geopolitical instability. Neither are an issue today.

EASTERN EUROPE INSIGHTS

Russia's invasion of Ukraine has dominated Emerging Market investor's risk radar for the last few years. The war has lasted longer than anyone imagined and still seems to have no end in sight. What will it take for this conflict to end?

Looking first at the Russian perspective, one of the roundtable participants shared the view that Russia does not seem to have an issue continuing with this war indefinitely. The economy is doing well, benefiting from higher prices in both oil and resources generally. In fact, one of the speakers referenced an economist who came back from Russia recently and upgraded Russian GDP forecasts. From a political perspective, Putin does not have social unrest issues. The Russian population does not seem to feel like they are any worse off today than they were one or two years ago. As long as oil prices stay elevated, Russia will likely continue this war.

At this stage, the tolerance of western countries is likely the weakest link with regards to the continuity of the war. Ultimately someone must keep supplying the support and weapons for Ukraine to keep fighting. When the flow of supplies ceases, the fighting will stop. In the meantime, pressure is building in both the US and Europe. Tolerance for high energy prices is running thin and it is likely the issue that will determine the path of the war ahead.

Within this dynamic the US is the most important player. As long as the US supports Ukraine, the war with Russia continues. With US elections coming up it is worth considering what a Russia-Ukraine conflict would look like under a Trump administration. Trump has stated that he would end the war in Ukraine. What that looks like in practice in terms of a deal is still unknown.

MIDDLE EAST INSIGHTS

The Middle East is in the midst of a rapid cultural and economic transformation. How is the region changing? What has the impact been on equity markets and does this create opportunities for investors?

The Middle East has undergone significant reforms as they diversify economies away from oil and make transformational societal changes. The opportunity is no longer a story about oil price, but rather a secular growth story where investors can witness real positive social and economic change. The region went from the Stone Age (example: women not being able to drive) to a more modern society in just the last few years. It was a universal view across participants in the roundtable, that this is a social change story as much as an economic change story.

More recently, the momentum behind these changes has begun to deliver structural improvements to its economy, as well as its fiscal and debt management. In 2022, Middle East economies delivered some of the highest GDP growth figures in emerging markets. In Saudi Arabia, the country grew 8.7% with almost 60% of that growth coming from non-oil sectors of the economy. This includes tourism, entertainment, gaming, sports, logistics, media, mining, and manufacturing. Meanwhile, debt to GDP levels remain low with healthy FX reserves.

In terms of equity markets, there has also been growth and transformation. The market capitalization of the region has more than tripled in the last 5 years. Liquidity has improved with the average daily trading volume of companies almost doubling. In addition, we have seen 60-70 stocks added to the market in each of the past 3 years, mostly in new sectors. As recently as 4 years ago the Middle East was only 4% of the MSCI Emerging Markets Index. Now it is closer to 10%. The importance of these markets has grown and will continue to do so as reforms and transformational changes make their way through the economy.

One participant highlighted that unlike most emerging market transformations, the change we are seeing in the Middle East is happening with an already wealthy population. This means that change can happen at the company level at a much greater speed. In turn, the speed of change has been a driving force behind the equity returns we have seen over the last few years.

In the days preceding the ABS 2023 Emerging Markets Roundtable, news broke out that Hamas militants had attacked Israeli settlements near the Gaza strip, escalating the Palestinian conflict. Speakers at our roundtable shared initial thoughts about the implications of this event. Note all discussions happened on October 10, 2023.

Our Middle East specialist described that what used to be a conflict "just" between Arabs and Israelis, has expanded to include Iran. And Iran's influence has manifested in part through its various proxies, including Hamas in the Gaza Strip, Hezbollah in Lebanon, and the Houthis in Yemen.

The other important aspect of this conflict to keep in mind is the timing. The US, Saudi Arabia, and Israel were set to sign a much-anticipated deal which had potential to create a new order in the Middle East. The attack on October 7 seemed to have disrupted that process, at least for now.

Participants in the ABS roundtable event discussed the geopolitical risks associated with recent events. Namely the escalation of violence across the region and even beyond. The generally view was that while there surely are quiet backchannel talks, the chance of a larger scale conflict with Iran has grown. Whether that means an outright confrontation between Iran and the West, or through proxy battles (with Hezbollah, for example), that opens up a multi-front war for Israel.

What is the likelihood that Saudi Arabia gets involved in this conflict? The Kingdom is so focused on its economy and domestic transformation that it is not likely to get involved, at least in an obvious way. While the presence of conflict in the region will be disruptive in the short term, it should not de-rail the longer-term social change story for Saudi Arabia.

SOUTH AFRICA INSIGHTS

The investment backdrop in South Africa has been challenging in recent years. Among the headwinds we have seen social unrest, lackluster economic growth and an energy crisis that has left the population with frequent electricity cuts. How is it possible to invest and find opportunities in South African stocks with this backdrop?

As highlighted by our Cape Town-based specialist, the South African stock market is not reflective of the South African economy. More specifically, about 2/3 of the revenues of South African companies comes from outside of South Africa. This is because the equity market is split in almost equal thirds: (1) large resource companies such as metals and mining, (2)large offshore technology and consumer companies (Naspers owns 1/3 of Chinese technology company Tencent) and (3) domestically oriented companies such as banks and retailers. This allows investment managers to shift exposure away from domestic oriented companies and into offshore oriented companies when the South Africa outlook looks challenging.

In addition, it is worth noting that the South African market is highly inefficient. The asset management industry is dominated by a few very large, passive players which can create inefficiencies and opportunities for savvy investors.

LATIN AMERICA INSIGHTS

Having experienced inflation and even hyperinflation in the past, Latin American countries were quick to respond to a post-Covid uptick in inflation in 2021. What was the impact of starting rate hike cycles early to control inflation? What is the outlook for these equity markets today?

Latin America was generally ahead of the curve in managing inflation after Covid. Countries such as Brazil started raising rates as early as March 2021 when the US was still referring to inflation as transient. The result was that inflation in the region peaked early relative to developed markets. Today Latin America has some of the highest real interest rates of any region in the world and is now at the beginning of a rate-cutting cycle. Brazil and Chile have cut rates twice this year already and Uruguay has cut rates once. This trend is expected to continue into 2024.

As one of the participants illustrated, history shows us that rate cutting cycles tend to be very beneficial for Latin America equity markets. Looking at Brazil over the last 20 years, equity markets have gone up 100% of the times when interest rates have been cut. 80% of those times the currency has also appreciated.

Finally, against this macro backdrop, valuations have reached extreme levels in Latin America. P/E ratios for the MSCI Latin America are trading at approximately 8x while the S&P500 is trading close to 17x. Interest rates peaked almost a year ago, where large countries like Brazil were sitting at 13.75% interest rates. This dynamic had a devastating impact on both consumption and company earnings. The result is that valuations have been left at depressed levels.

BRAZIL INSIGHTS

Brazil was one of the few countries that continued to progress their reform agenda despite Covid related distractions. The agenda continues to be robust with tax reforms up next. Provide views on this reform and the impact it may have on equity markets?

Participants focused on Latin America and Brazil agreed that Brazil is generally unloved and underestimated from an investment perspective. It is an agricultural superpower, a vibrant and loud democracy, institutionally sound, and has no geopolitical risks.

Over the few last years, Brazil has undergone a meaningful reform process, overhauling the pension system and enacting labor reforms. These types of reforms take time to flow through macroeconomic data and company results. We are now at the point where Brazil is starting to reap the benefits of all the reforms undertaken since 2016.

The next reform under discussion is tax reform. Undoubtedly there are many industries that will be hurt; however people generally underestimate the potential benefits to Brazilian productivity. The Brazilian tax system is extremely complex and part of the changes should make for a more streamlined process. Overall investors should be bullish on tax reform at the economic level.

Finally, the current administration has demonstrated a tendency to start the reform process by over-demanding change, fully expecting the result to be watered down. This creates some uncertainty in markets. The final version of the tax reform we are likely to get will be more muted but still large enough of a change to make a positive mark on the economy and productivity in Brazil.

MEXICO INSIGHTS

Mexico is a clear beneficiary of the nearshoring theme given their proximity to the United States. What are the tangible effects of the nearshoring Story? Are we starting to see the impact on company earnings?

Our Mexican specialist described that the near-shoring story is alive and well in Mexico. Since October 2022, foreign companies have unveiled over $37 billion in investments into Mexico and investment announcements continue to flow in. This figure reflects only the investments that are formally announced. There are many more unannounced investments into Mexico, particularly from China and Taiwan. Meanwhile, industrial real estate rents which were flat for the last 10 years, have jumped from $4.5 per square foot to $6.5 per square foot over the last 18 months.

Many companies have chosen to ease towards nearshoring rather than taking an all-or-nothing approach. In practice this means moving parts of the value chain to Mexico, particularly the labor-intensive parts. Participants focused on geographies outside of Latin America, echoed this view.

During the roundtable we heard an anecdote from a Mexico City based specialist illustrating how nearshoring demand has evolved over the last 2 years from “nice-to-have” towards a “must-have”. Mexico lost the toy industry to China approximately 30 years ago. Two years ago, this participant spoke to an executive from a toy company that mentioned they would be happy to move manufacturing to Mexico if the production prices were to match those of China. Six months after that, the same executive was willing to move production to Mexico at a 30% premium to China’s prices. A further six months later, the same executive was willing not only to pay a 30% premium to China’s prices but was willing to agree to 3-5 year contracts and invest in developing suppliers locally. At this stage, companies do not just want to have a production solution, but they want to invest in suppliers, bring in other toy companies and develop a production hub so that they have volume to build and develop that industry in a friendly location. By the end of this anecdote, the view of most participants in the roundtable was that this type of investment and commitment to building new industrial hubs suggests that the nearshoring trend is not a passing trend.

JAPAN INSIGHTS

Although Japan is not technically an emerging market, after two decades of neglect, the country has started to present opportunities similar to what we often find in Emerging Markets. In addition, there are many lessons to be learned from Japan’s history. More specifically, some investors are concerned that China could enter a deflationary environment. What can we learn from Japan’s experience of deflation over the past 2 decades and impact on the economy?

The Japanese market peaked in 1989 when it accounted for 45% of MSCI World Index. Over the subsequent decades, its share dropped to a low of 7%. With prolonged deflation, people were limiting their spending as prices would go down year after year. In the corporate world, there was misalignment of interests as most executives were paid a fixed salary with no incentives linked to company earnings or share price performance. This backdrop created significant inefficiencies and hence opportunities for activists in Japan to push for change. These changes include introducing independent board members, reducing cross-shareholding and ultimately increasing shareholder’s returns by increasing ROE, buying back shares and paying more dividends.

As the Bank of Japan starts tightening monetary policy, companies are raising prices for the first time in years. With wage increases accelerating and moderate inflation, we are seeing a positive change in consumption pattern which should lead to opportunities within the Japanese equity markets.

DISCLOSURES

This presentation includes the opinions of ABS Investment Management LLC, shall not constitute investment advice and should not be relied upon for any investment decisions. This shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified investor receives a final confidential private offering memorandum (the "Fund Documents") describing an opportunity to invest with ABS (a "Fund"). In the event of any inconsistency between this presentation and the Fund Documents, the Fund Documents will govern. This presentation being provided to a prospective investor does not guarantee an investor's qualification for an investment in the Fund or the Fund's capacity for its investment. Such criteria may only be determined upon completion of the Subscription Material for the Fund. Investments in any Fund will be suitable only for certain financially sophisticated investors who have no need for immediate liquidity in their investment and can bear the risk of an investment in the Funds for an extended period of time. There is no secondary market for interests or shares in the Funds and none is expected to develop. There are also restrictions on transferring interests or shares and withdrawing or redeeming interests or shares from the Funds. The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. You should make an independent investigation of the investment described herein, including consulting your tax, legal, accounting, or other advisors about the matters discussed herein. Information pertaining to our processes is subject to change at any time without notice. Past returns are not a guarantee of future results.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied upon as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as if" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com). The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. You should make an independent investigation of the investment described herein, including consulting your tax, legal, accounting, or other advisors about the matters discussed herein. Although data used in this presentation has been gathered using public and private sources and data we believe to be reliable, data points have not been independently verified and we make no representations as to their accuracy or completeness.

This material contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results. These forward- looking statements are based on beliefs, assumptions and expectations of its future performance, taking into account all information currently available to source of the forward-looking statements. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to ABS, and we cannot guarantee that we will achieve any or all of these expectations.