Chemicals and Materials Market Perspectives

- The Chemicals indexes had mixed performances over the past two weeks, with Specialties ending -1.2% down and Commodities / Diversified essentially flat at -0.1%
  - 2Q reporting has begun with numerous firms reporting unexpectedly lower 2Q performance due to COVID-influenced demand declines
  - Many firms are reporting optimism about 3Q and 4Q demand resurgence, in-line with US manufacturing PMI which showed its first expansion since February
- The Leveraged Finance markets continue to strengthen
  - Refinancing continue with deep demand
  - Acquisition financings for large / liquid issues continue to gain steam encouraging some M&A sales process to launch sooner than later
- M&A activity continues to build, influenced by:
  - Better visibility into projected performance
  - Continued return of financing markets
  - Auctioning retaining, but some are focused with limited buyers and bi-lateral conversations / deals continue
- SK will acquire the Specialty Polymers division of Baker Hughes
- AOC Materials will acquire a West Virginia manufacturing facility and the maleic anhydride business of Ashland
- Keras Resources agreed to acquire a 51% stake in Diamond Creek phosphate mine in Utah
- BRANDT acquired D&B Morton Fertilizer Services from Gary Morton
- Brenntag acquired Suffolk Solutions
- Real American Capital Corp. acquired The Healthy Living Soil Company
- Diacel will acquire remaining 45% stake of Polyplastics JV from Celanese
- Azelis will acquire Orokia Israel
- Hanwha Solutions was reported to have submitted a bid for 50% of Sasol’s Lake Charles petrochemicals complex
- Mitsubishi will acquire CFK Valley Stade Recycling and carboNXT, two carbon fiber recyclers

Trading Perspectives by Sector

<table>
<thead>
<tr>
<th>Share Price Performance by Sector</th>
<th>10-Yr.</th>
<th>1-Yr.</th>
<th>3-Mon.</th>
<th>1-Mon.</th>
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</thead>
<tbody>
<tr>
<td>Specialties</td>
<td>183.9%</td>
<td>19.2%</td>
<td>25.1%</td>
<td>7.3%</td>
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<tr>
<td>Commodities / Diversified</td>
<td>11.2%</td>
<td>(9.3%)</td>
<td>23.2%</td>
<td>3.6%</td>
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<tr>
<td>S&amp;P 500</td>
<td>196.7%</td>
<td>15.5%</td>
<td>16.8%</td>
<td>4.7%</td>
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</thead>
<tbody>
<tr>
<td>Specialties</td>
<td>10.4x</td>
<td>13.7x</td>
<td>15.1x</td>
<td>15.8x</td>
</tr>
<tr>
<td>Commodities / Diversified</td>
<td>6.9x</td>
<td>7.8x</td>
<td>8.7x</td>
<td>9.0x</td>
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