

Cost of Capital in the Current Environment

COVID-19 Update – September 18, 2020

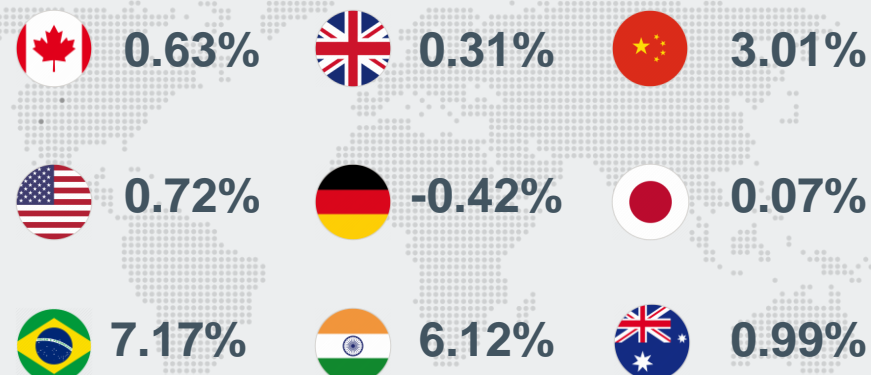
6.0%
D&P Recommended U.S. ERP

2.5%
Normalized U.S. Risk-Free Rate

For more information, visit: <https://www.duffandphelps.com/costofcapital>

Global 10-Year Government Bond Yields

Data as of August 31, 2020



Sources: Bloomberg (Brazil, India), Capital IQ (other countries)

YTD 2020 Stock Market Index Comparison

Data as of August 31, 2020



8.34%

S&P 500



7.98%

MSCI All Country World Index



-11.86%

STOXX Europe 600

Source: Capital IQ

Real GDP Growth – Q1 & Q2 2020

Data as of September 17, 2020

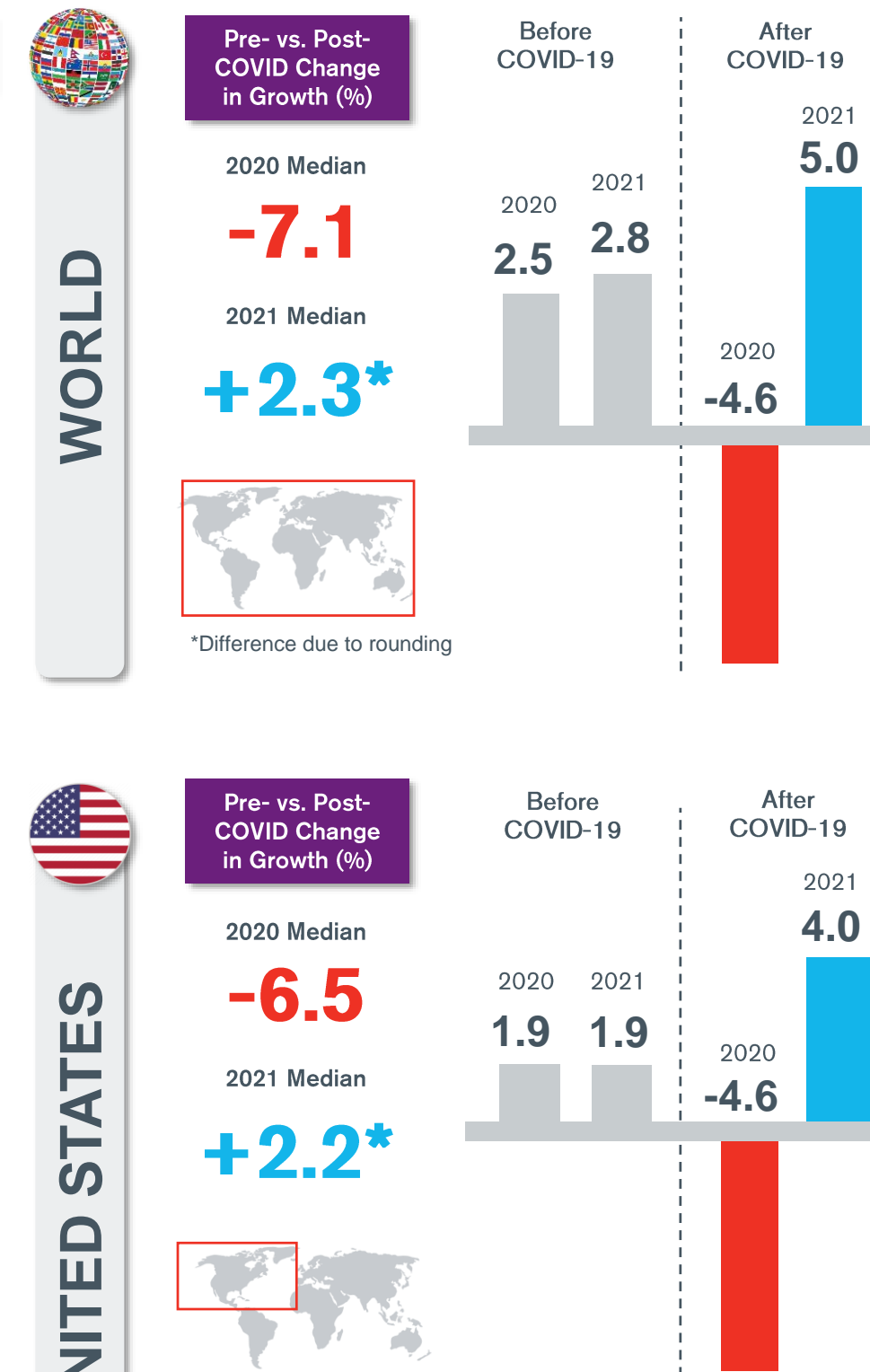
	QUARTER-ON-QUARTER GROWTH (%)	ANNUALIZED QUARTER-ON-QUARTER GROWTH (%)
U.S.	Q1: -1.3% ↓ Q2: -9.1% ↓	Q1: -5.0% ↓ Q2: -31.7% ↓
Eurozone	Q1: -3.7% ↓ Q2: -11.8% ↓	Q1: -14.1% ↓ Q2: -39.4% ↓
UK	Q1: -2.2% ↓ Q2: -20.4% ↓	Q1: -8.5% ↓ Q2: -59.8% ↓
China	Q1: -10.0% ↓ Q2: 11.5% ↑	Q1: -34.4% ↓ Q2: 54.6% ↑
Japan	Q1: -0.6% ↓ Q2: -7.9% ↓	Q1: -2.3% ↓ Q2: -28.1% ↓

Sources: FRED® Economic Data (Eurozone, Japan, U.S.), National Bureau of Statistics of China, UK's Office of National Statistics.

Quarter-on-quarter growth based on the growth rate from Q4 2019 to Q1 2020 and Q1 2020 to Q2 2020. This rate is annualized by computing the compounded growth rate for four quarters as follows: $(1 + \text{Real GDP Q/Q Growth})^4$. The annualized rate shows what the quarterly change would be if it lasted a full year.

Real GDP Growth (%) Estimates (Median)

Data as of September 18, 2020



*Difference due to rounding

Sources: OECD, IMF, World Bank, Blue Chip Economic Indicators, Consensus Economics, EIU, Fitch Ratings, IHS Markit, Moody's Analytics, Oxford Economics, S&P Global Ratings.

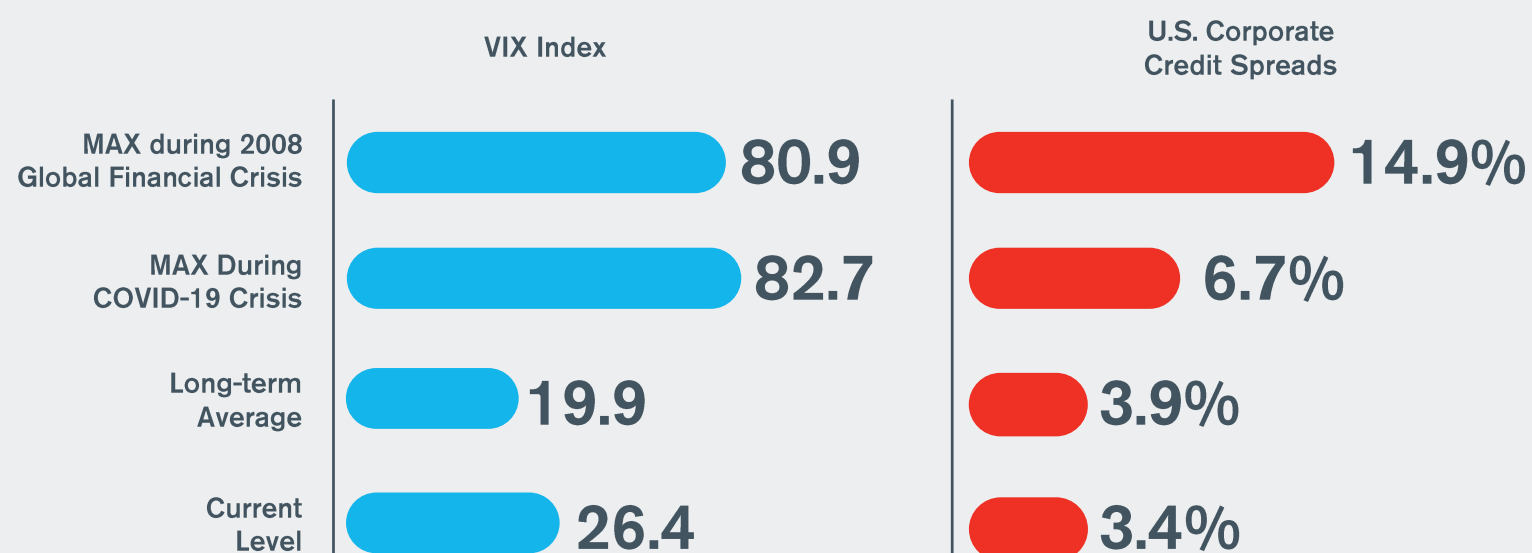
Before COVID-19 median estimates based on data released in December 2019 and early January of 2020. After COVID-19 median estimates based on data available as of the date noted above.

Cost of Capital in the Current Environment

VIX® Index and U.S. Corporate Credit Spreads*

Data as of August 31, 2020

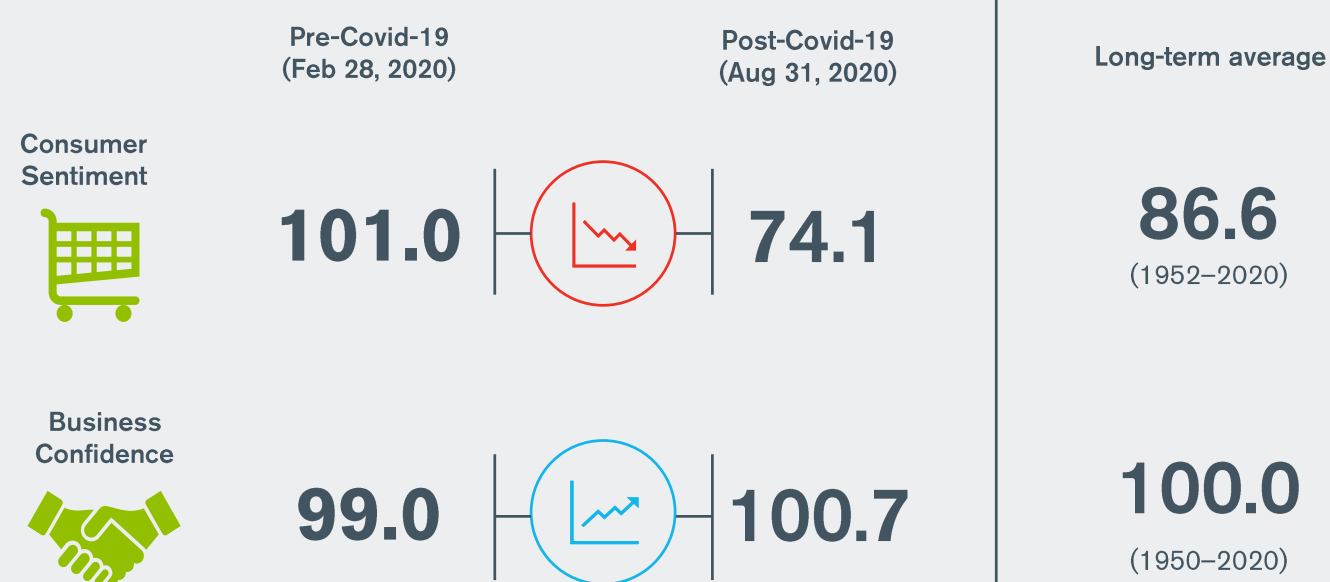
* U.S. Corporate Credit Spreads based on the difference in effective yields between the ICE BofA US High Yield Index and the ICE BofA US Corporate Index. Long-term averages based on 1995 to present for VIX series and 1996 to present for credit spread series.



Sources: Capital IQ, FRED® Economic Data

U.S. Consumer Sentiment vs. Business Confidence

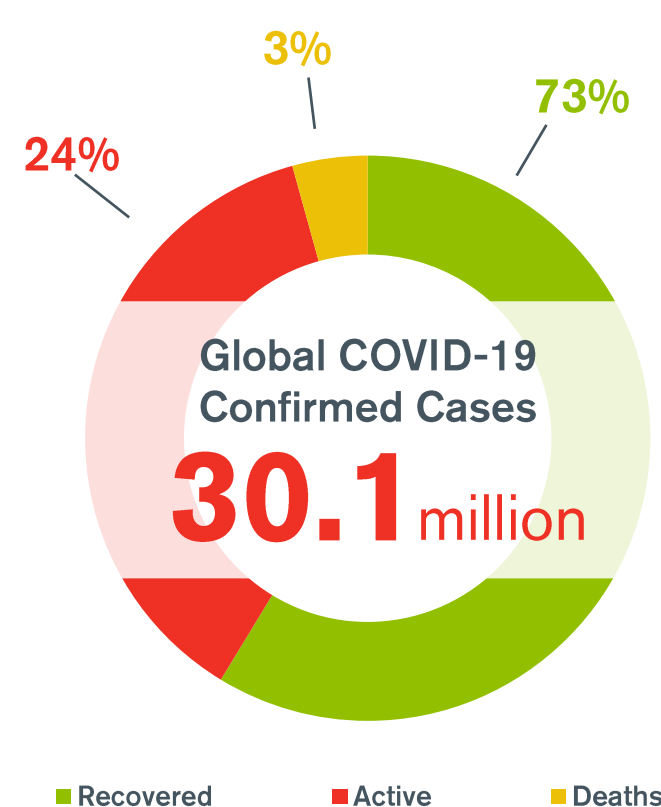
Data as of August 31, 2020



Sources: Michigan University's Index of Consumer Confidence, OECD's Business Confidence Index

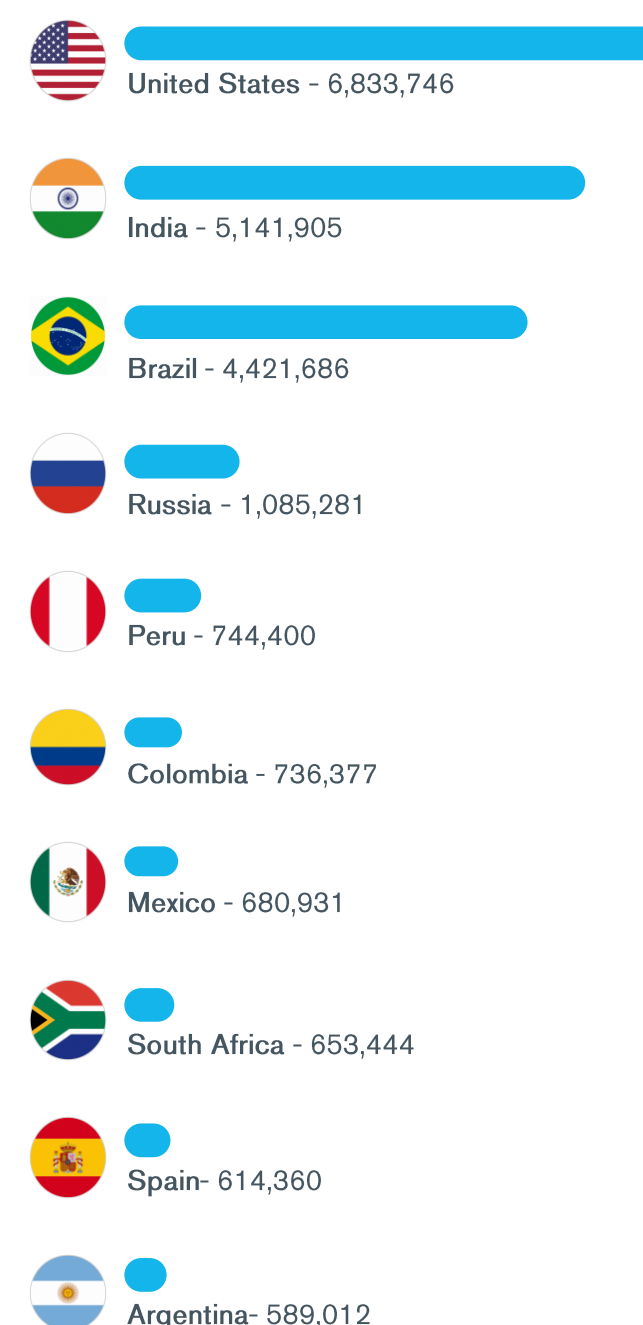
Tracking COVID-19

Updated: September 17, 2020



Top 10

Confirmed Cases by Country



U.S. Unemployment Rate

Data as of August 31, 2020



Source: U.S. Bureau of Labor Statistics

Source: Worldometers.com