Thankful For A Merely “Yucky” Period

Dear Clients, Jefferies Employee-Partners and Friends,

After over two years of living with Covid, the significant recent economic and capital markets challenges, and the many social and political issues around the world, it was no surprise that our firmwide Town Hall on Tuesday morning this week was laser-focused on how to cope and live in the current world. Enormous wealth has been lost these past six months, everyone’s job is now much tougher, there is massive pain from major unsettled geopolitical tragedies, and we are all still learning how to live through a pandemic. That said, many of us have been through far more intensely critical periods of pain in our careers and thankfully the current environment, while truly unfortunate, is NOT one of those systemically catastrophic or paralyzingly painful periods we have experienced before. For lack of a better word, this period just feels incredibly “yucky,” and it is compounded by the fact that every one of us is fighting each day against the formidable foes of mental and physical exhaustion. This is why it shouldn’t have been a major surprise that, during our Town Hall after we released our second quarter’s earnings (best described only as “reasonable”), we received more questions from our 5,000 employee-partners than we had in the combined last two years. What was clear to us is that people’s concerns are deep, emotional fatigue is real, and all of us are looking for comfort and confidence about the future. Unfortunately, this is a time of great transition on many counts, and it may take some time to reach the other side to find our desired sense of restored equilibrium. The key is not to despair or catastrophize, but rather to find purpose and direction. In this vein, as we often do, we share below a summary of some of what we discussed at our Town Hall, as well as some additional thoughts, all aimed at hoping that just one of these may help you and your team better cope with the present and best navigate through the “yuck” as together we all get to the other side, which we always do.

On the minds today of our people and perhaps yours, and what we think about it:

1. **Has the Strategy Changed?** People need re-confirmation that the strategy and course we have been on together is still the plan. There can of course be pivots or adjustments, but we all need to know what the long-term vision is and how we are now going to get there together. Even if this has been repeated ad nauseum during more robust times, it needs to be communicated even more often when things are murky. It is even ok to materially change your strategy if the evolving world requires it, but most good, long-term strategies will continue to be good and it may be the timing and intensity that needs to be addressed rather than a complete pivot. Regardless, over-communicate, as we all need comfort and confidence.

**IN THIS ISSUE**

**Economics and Strategy**
- No Near-Term Recession, and Stocks Could Be Attractive as Long as Fed Doesn’t Overshoot

**Actionable Ideas for Companies and Sponsors**
- Go-Private Opportunities on the Horizon When Markets Stabilize
- Shareholder Activism on the Rise in Europe

**LEVERAGE FINANCE**
- Options Still Exist in Leveraged Finance Market Despite Macro Headwinds

**EQUITY CAPITAL MARKETS**
- Raising Growth Capital Through Equity Private Placements
- Acceleration in At-The-Market (ATM) Activity

**DEBT ADVISORY & RESTRUCTURING**
- Rescue Financing Opportunities for SPACs

**Best Research Ideas**
- U.S. Insights – Admiring the Sunset or Afraid of the Dark? Equities for a Dimming Outlook
- Mega Trends and Themes – Portfolio Update 1H22
- Mining: China Policy Shift Is Bullish – Demand Risk Remains in U.S. and Europe
2. **Lots of New Joiners.** If your business is like ours, there are many people new to your company and, in many cases, they are just starting to come into their offices for the first time. These people need and deserve to know what is expected of them and what they must do to be successful. They need help integrating into the firm’s culture and becoming a true partner to their new team. When times are good and everyone is super busy, it happens more naturally. When times are more challenging, long-term partners can be even more distracted or disjointed, and this process can become challenging. We intend to do our best to not have a larger workforce, but rather an ever stronger and more united team.

3. **Layoffs?** Nobody likes to say the word, let alone execute the plan. In fact, during the heat of the pandemic some firms announced that there would be no layoffs at all. We never said that. What we said was that we will continue to do what we have done every year: people who underperform, are not fully committed, have lapses in judgment regarding ethics or who are not constantly reinventing themselves and growing, will always be at risk at Jefferies. We have this philosophy at Jefferies that has served us well for decades: “If you do nothing arrogant or ‘too stupid’ during the good times, you can play offense during the more challenging times.” This means we will remain on high alert for great talent that may now be available to join us. We intend to keep playing (what we hope will be) smart offense. We are not looking for reasons to shrink. We are looking for smart reasons to benefit from whichever of our competitors made poor choices in good times or is not fully committed to a sensible long-term strategy. That’s where our head is at – we will always do our best to be mindful of the true nature of the markets and the economy, and we come to work each day to win and eventually grow – this requires pushing and battling through the tough periods as well as possible.

4. **Risk.** When the world’s financial markets are a mess, we are not looking for people to be heroes. We don’t want anyone to force business to happen that shouldn’t. We don’t want “style creep” seeping into our firm because the normal way isn’t currently as exciting or productive as it was in prior periods. This is a moment to do our best to protect the foundation of Jefferies, use our capital to best support our clients and live to fight another day. It is a long race, but only for those who are able to stay in it.

5. **Duration.** Everyone wants to know the exact day (preferably time of day) that this tumultuous period will end and life will go back to exactly how it was when we were happier. Human nature dictates that many of us have conveniently forgotten the daily challenges and frustrations from those “happy days,” but that’s a different story. The bottom line is that we are certain of two things: 1) Nobody knows when this will turn; 2) Whatever does happen next, we will never be returning precisely to the way it was before. What we do know is that the sun will rise tomorrow, markets and life will evolve, and most likely sooner than many expect and perhaps as many are capitulating, an inflection point will be reached and the turn will begin. Don’t drive yourself nuts trying to figure out the timeline and instead productively do your best every single day until the sun shines brightly again, as it always does.

6. **Empathy.** Every single person in our firm is in some type of “yuck induced” funk right now. If you are not, you are either superhuman or never were human. It is natural and healthy for all of us to understand this and embrace this. Nobody should have guilt about it. Everyone should be on the lookout for those with more angst than others and be willing to lend an ear, a hand or a heart. When times are good, a small handful of leaders can handle the load. When times are tougher, we need everyone at Jefferies to be a leader. That’s how we all get through these periods together and that is how a firm is built. We are asking everyone at Jefferies to help us because we cannot do it ourselves.

7. **Different measures of success.** When you are pricing 25 deals a week, trading more securities than you ever dreamed and putting out explosively positive research daily that is almost always right, it’s easy to measure success. When you are working harder than ever each day, but much of the payoff is delayed into the future, it can get de-motivating very quickly. Preparing our clients to do countless deals for when various markets re-open is incredibly important and vital to our future. Providing whatever liquidity we can muster in an impossible market can be more valuable than providing a ton of liquidity in a bull market when anyone can do it. Thoughtful strategic research that will help investors see through the vast amount of noise, but will take time to be proven right, is incredibly important and valuable work. Meetings, sharing insight, building relationships, mentoring, helping recruit/retain great talent and being part of building
a firm’s brand and market position will not yield overnight results. However, being part of the cohesive team that takes pride in these longer-term opportunities will make a difference during times like these and even more importantly, set the entire firm up for future success. People may ask, “how did they emerge from yet another crisis stronger and more cohesive than ever?” This is how.

8. Health. If things are a little slower right now and you still can’t find a way to focus on your physical and mental health, there is a problem. Yes, we are all going to give it our all and roll up our sleeves every single day, but this is also a time where we want our people to give themselves and their families a break and make sure everyone’s batteries stay as fresh and re-charged as humanly possible.

9. Prospecting. People get fewer phone calls and requests to meet when there is little good news coming from the people they deal with every day. There isn’t a better time to develop new relationships. Everyone has problems right now, in either their business or their portfolio. A fresh new call with an offer to help with the problem, or even just listen and commiserate, will be well-received. Relationships are made during challenging times and rarely during frothy times. Better yet, if you can help solve a new relationship’s really big and messy problem (who doesn’t have one of those today), you will have a new friend for life.

10. Perspective. Deals are getting done. There is no systemic risk to the system. Interest rates aren’t explosively high. Defaults are not occurring every day. We are not locked in our homes to remain safe. Life is ok. Actually, life is pretty darn decent. In fact, it is much more than our recent “reasonable” results. This is especially true for those of us in the free world. This is the type of environment in which we need to constantly remind each other how fortunate we truly are, both individually and collectively. Stock prices, asset values and rewards may have peaked for a while, but most of us need to count our lucky stars. Sometimes you just have to be thankful and appreciate that while we are dealing with a “yucky” period, we are doing it together and we should be grateful for the opportunity.

Thank you for listening. We are deeply appreciative of all our people, clients and friends of Jefferies.

Looking forward to a little less “yuck,” but always focusing on the future opportunity together,

Sincerely,

RICH HANDLER
CEO, Jefferies Financial Group
1.212.284.2555
rhandler@jefferies.com
@handlerrich Twitter | Instagram
Pronouns: he, him, his

BRIAN FRIEDMAN
President, Jefferies Financial Group
1.212.284.1701
bfriedman@jefferies.com
Economics and Strategy

No Near-Term Recession, and Stocks Could Be Attractive as Long as Fed Doesn’t Overshoot

Even though the economy is facing several headwinds, Chief Economist Aneta Markowska doesn’t think a recession is imminent. A few key reasons:

- Households and businesses still have a lot of cash, which makes their demand price- and rate-inelastic in the short-term. So while the Fed was able to cool housing demand very quickly, reducing consumption and labor demand will take more time.

- There are still millions of job openings and margin pressures are not intense enough yet to induce a full-blown layoff cycle. In fact, Markowska expects the national unemployment rate to decline further and to bottom at around 3.2%.

This means risks are still skewed toward higher rates and Markowska expects the Fed to front-load this tightening cycle, bringing the funds rate to a 4-4.25% range by March 2023. Rates at that level could accelerate the downward momentum in growth, and she recently reduced her ’22 and ’23 GDP forecasts to 2.2% and 0%, with a recession beginning in 2H23 and lasting five quarters.

Chief Market Strategist David Zervos believes the Fed’s hawkish recent commentary is a net positive for the economy, financial markets and Fed credibility. He also says stocks, commodities and real estate remain long-term inflation hedges, as inflation devalues debts and drives nominal asset valuations higher.

Global Head of Equity Strategy Christopher Wood is more concerned about the implications of deterioration in key measures, noting that the University of Michigan U.S. consumer sentiment index has declined further to a record low, while U.S. personal savings data has fallen to its lowest level since 2008. As savings declined, borrowing has increased, with American consumer credit soaring in both March and April by the most on record. Wood’s base case for the Federal Reserve is for the Fed to provide less hawkish guidance as the year progresses, which he would see as an implicit admission by the Fed that it will have to accept structurally higher inflation above its 2% target. If he is wrong, and the Fed continues on its current aggressive rate hiking course, Wood believes the downside for equities could exceed a 30% decline from the SPX peak. And he says the longer monetary tightening proceeds, the more likely it is to trigger significant problems in the private lending market, an area where credit growth has exploded in America since the 2008 global financial crisis.

Even amid an environment of tightening monetary policy and volatile markets, Global Equity Strategist Sean Darby says investors shouldn’t panic as the solvency and balance sheets of large cap global companies are in good health while cashflows are robust enough to survive a period of economic contraction. In his view, investors have seen the worst of the share price declines.
Actionable Ideas for Companies and Sponsors

MERGERS AND ACQUISITIONS

Go-Private Opportunities on the Horizon When Markets Stabilize

Few companies or sectors have been spared by the prolonged contraction and volatility in public equities. Once record M&A activity has slowed too amid sustained economic and geopolitical uncertainty. But private equity players may soon find significant opportunities to take public companies private, particularly in economically resilient sectors.

While corporate boards are often reluctant to consider selling with a weakened stock price, we expect more of them, especially those in the technology sector, to be more open to strategic alternatives because:

1. Private equity demand for technology companies is still outstripping market supply
2. Many technology sub-verticals can thrive even amid slowing or falling economic growth
3. Direct lending is still available even as the syndicated and high yield market have weakened
4. Tech stock prices have experienced large declines, potentially spurring more transactions

In fact, this trend is already unfolding as global go-privates have increased each month since the beginning of 2022, with 30 deals, exceeding $150 billion, announced in April and May alone. Leading the way are Blackstone, KKR and Thoma Bravo, which have done half of this year’s go-private deals, spanning several sectors, and representing over $118 billion in combined enterprise value. Among the most notable:

- KKR’s May acquisition of U.K. power generator ContourGlobal for $6.1 billion
- Blackstone’s April acquisition of student housing developer and operator American Campus Communities for $12.8 billion
- Thoma Bravo’s March acquisition of business software company Anaplan for $10.3 billion

We expect go-private activity to accelerate later in 2022 as stock prices and the broader economic picture stabilize.

Shareholder Activism on the Rise in Europe

In Europe, many shareholder activists have stepped back amid the pandemic and the uncertainty of the Russia-Ukraine war. According to Activist Insight data, the number of activist campaigns against European companies fell in CY2021 and continued to decline in Q1 2022.

However, when activists do engage, they are increasingly winning. Their success rate – defined by campaigns where an activist achieves at least some of its publicly stated demands – has risen two years running after hitting an all-time low in 2020. This activism is increasingly focused on Board, M&A and ESG-related demands, with balance sheet and operational activism continuing a year’s-long decline.
Activists’ ESG focus is particularly notable in Europe, and the recent creation of Clearway Capital in Germany is yet another sign that climate and social issues will continue to be central to many activist campaigns.

The U.K. market, with its shareholder-friendly regime and target-rich market of companies with depressed valuations, is getting increased attention from U.S. investors. In this past quarter:

- Trian’s Nelson Peltz joined the Board of Unilever only months after his fund revealed a mere 1.5% stake in the company.
- ESG-focused activist fund Inclusive Capital Partners commenced an unsolicited offer via a bear hug letter for homebuilder Countryside Partnerships, where it holds a 9.2% stake, resulting in the company announcing a formal sale process just two weeks later. This comes on the heels of one of Countryside’s biggest shareholders, Browning West, urging the board to consider a sale.

We think Europe will continue to be an attractive market for value-oriented investors, especially with oversaturation in the U.S. market and the ample dry powder available to activist funds.

LEVERAGED FINANCE

Options Still Exist in Leveraged Finance Market Despite Macro Headwinds

In early 2021, SPACs raised more funds in one quarter than they had in the entire previous year, and private equity firms were paying all-time record multiples for acquisitions.

A year later, with inflation at a 40-year high and recession fears growing, deal activity is unsurprisingly cooling. Despite these headwinds, significant deals are still getting done, albeit either through the direct lending market or with substantial lender-friendly concessions.

- **The direct lending market remains strong**: Despite broader market volatility, the direct lending market experienced minimal movement in pricing with margins only moving 25 – 50 bps wider.
  - Recent direct lending deals include the $4.5 billion unitranche to finance NPD’s merger with IRI, the $3 billion credit facility backing Thoma Bravo’s acquisition of Anaplan, and the $3.3 billion facility backing Kaseya’s acquisition of Datto.
- **Jefferies Credit Partners (“JCP”),** our direct lending vehicle, has been incredibly active on the direct lending side.
  - Over the last twelve months JCP has closed ~100 transactions with over 50 sponsors while also building a significant pipeline of near-term investment opportunities.
  - Year-to-date, JCP has doubled the number of direct lending transactions closed compared to the same period in 2021, and we increased capital deployed by more than 200%, with approximately 20 additional transactions in the backlog awaiting closing.
  - In Q2, JCP continued to expand its capital base with ~$2 billion of incremental dry powder raised from third parties, and we have significant fundraising momentum heading into 2H 2022.
- **Alternative debt financing packages**: As an alternative to issuers opting for the syndicated loan market at much higher rates and OID, Jefferies new IP lending efforts offer early-stage companies the ability to lever their intellectual property at rates that are competitive in today’s market.
  - This financing, backed by insurance policies, is non-dilutive, flexible, and less restrictive than typical venture debt or equity

- **Liquidity Fixes**: Jefferies is uniquely positioned to help raise capital during difficult times. As companies are in need of liquidity, Jefferies can efficiently and creatively raise capital.

- **Existing Issuers**: With secondary trading levels suppressed, Jefferies can help issuers opportunistically buy back a portion of their debt at deep discounts given the market weakness.

**EQUITY CAPITAL MARKETS**

**Raising Growth Capital Through Equity Private Placements**

U.S. and European private placement activity more than tripled from over $160 billion in 2017 to nearly $700 billion in 2021. The growth has been spurred in part by a broadening investor base that now includes public market institutional investors alongside the traditional venture, growth and private equity funds.

Interest in private placements is likely to continue – in technology as well as other sectors – amid the slowest IPO market since 2008 and continued volatility in equity markets.

**Acceleration in At-The-Market (ATM) Activity**

At-The-Market (ATM) programs have long provided flexibility – particularly to healthcare and real estate issuers – that is becoming even more appealing in a volatile equity market. It’s no surprise that issuers have filed nearly 800 ATM programs for $180 billion of potential proceeds in the past 18 months. Now, activity is broadening to issuers in other sectors attracted by the chance to sell primary shares at the current market price and to capture increases in trading volumes that result from company-specific or sector news flows.

Jefferies has the #1 ATM desk on Wall Street, and the team is available to review potential options with any company considering future primary issuance.

**DEBT ADVISORY & RESTRUCTURING**

**Rescue Financing Opportunities for SPACs**

The 2020-2021 SPAC boom is suddenly stalling amid a liquidity crunch. According to recent studies, more than 10% of the companies that listed via SPACs during that period have issued going-concern warnings. Inflationary pressures (especially wages and energy costs), supply chain disruptions, longer timelines to ramp up to business plan projections, and higher than expected redemptions are all conspiring to make liquidity harder to find.
Credit funds, direct lenders, hedge funds and strategic parties may be able to fill the gap. These financings allow third-party investors to invest at substantially lower valuations with significant flexibility to structure deals thanks to the existing capital structures of the former SPACs. For example, many of these companies have relatively limited funded debt, allowing potential new investors to take a security interest in all or substantially all assets, enabling down-side protection, and a warrant package that enhances the overall return profile.

These financings allow third-party investors to invest at substantially lower valuations with significant flexibility to structure deals thanks to the existing capital structures of the former SPACs.
Best Research Ideas

U.S. Insights – Admiring the Sunset or Afraid of the Dark? Equities for a Dimming Outlook
Jefferies published a collaborative report focused on the hotly debated next stage of the economic cycle and the timing of a potential recession. The firm’s analysis of historic price returns, revenue/net income growth and multiples heading into and during recessions provides context for what tends to work and what appears to be priced in, including top ideas should the economy enjoy an “economic twilight” or be headed into an “imminent recession.”
— Jefferies Equity Research

Mega Trends and Themes – Portfolio Update 1H22
A review of the thematic portfolios from the Jefferies Mega Trends report published in 2020 indicates a reversal in performance with growth-/tech-based themes giving back much of the gains from the last 5 years and value stocks starting to work towards the end of the period. Investors should look to Automation, Cybersecurity and The Future of Mobility to deliver over the next 12 months.
— Simon Powell, Global Head of Thematic Research

Mining: China Policy Shift Is Bullish – Demand Risk Remains in U.S. and Europe
With a shift in policy needed to spark a gradual recovery in Chinese demand seemingly underway, Jefferies is cautiously optimistic that a slow recovery in China should offset weakness elsewhere. While macro risks are clearly elevated and mining shares should be volatile, the sector appears undervalued and poised to outperform as China recovers. Jefferies raises iron ore and coal price forecasts and upgrades Anglo, Rio, BHP, Vale, S32, Arch, BTU, HCC and METC from Hold to Buy.
— Chris LaFemina, Metals & Mining Research
Jefferies (NYSE: JEF) is the largest independent, global, full-service investment banking firm headquartered in the U.S. Focused on serving clients for 60 years, Jefferies is a leader in providing insight, expertise and execution to investors, companies and governments. Our firm provides a full range of investment banking, advisory, sales and trading, research and wealth management services across all products in the Americas, Europe and Asia. Jefferies’ Leucadia Asset Management division is a growing alternative asset management platform.

### NOTABLE RECENT TRANSACTIONS

<table>
<thead>
<tr>
<th>Industry</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>June 2022</td>
<td>Pending</td>
</tr>
<tr>
<td>Technology</td>
<td>May 2022</td>
<td>$460,000,000 Convertible Notes Offering Joint Bookrunner</td>
</tr>
<tr>
<td>Healthcare</td>
<td>June 2022</td>
<td>Pending</td>
</tr>
<tr>
<td>Industrials</td>
<td>April 2022</td>
<td>$3,526,000,000 Financing for acquisition of Ferro Corp. and merger with Chromalloy Joint Lead Arranger and Joint Bookrunner</td>
</tr>
<tr>
<td>Power</td>
<td>May 2022</td>
<td>$1,543,000,000 Credit Facility Sole Lead Arranger</td>
</tr>
<tr>
<td>Real Estate</td>
<td>May 2022</td>
<td>Pending</td>
</tr>
<tr>
<td>Consumer</td>
<td>May 2022</td>
<td>$350,000,000 Common Stock Offering Joint Bookrunner</td>
</tr>
<tr>
<td>Energy</td>
<td>April 2022</td>
<td>$1,100,000,000 Sale to Ithaca Energy (UK) Ltd. Sole Financial Advisor</td>
</tr>
<tr>
<td>Healthcare</td>
<td>April 2022</td>
<td>$1,200,000,000 Acquisition of Natus Medical, Inc. Sole Financial Advisor</td>
</tr>
<tr>
<td>Industrials</td>
<td>April 2022</td>
<td>$525,000,000 Sale of Omega Engineering, Inc. to Arcline Investment Management Sole Financial Advisor</td>
</tr>
<tr>
<td>Finance</td>
<td>May 2022</td>
<td>Pending</td>
</tr>
<tr>
<td>Industrials</td>
<td>April 2022</td>
<td>$360,000,000 Senior Unsecured Notes Offering Joint Bookrunner</td>
</tr>
<tr>
<td>Telecom</td>
<td>April 2022</td>
<td>$3,580,000,000 Acquisition of Axiom Sole Financial Advisor</td>
</tr>
<tr>
<td>Energy</td>
<td>May 2022</td>
<td>Pending</td>
</tr>
<tr>
<td>Healthcare</td>
<td>May 2022</td>
<td>$200,000,000 Common Stock Offering Joint Bookrunner</td>
</tr>
<tr>
<td>Real Estate</td>
<td>June 2022</td>
<td>Pending</td>
</tr>
</tbody>
</table>
IMPORTANT DISCLOSURES

This material has been prepared by Jefferies LLC, a U.S.-registered broker-dealer, employing appropriate expertise, and in the belief that it is fair and not misleading. Jefferies LLC is headquartered at 520 Madison Avenue, New York, N.Y. 10022. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified; therefore we do not guarantee its accuracy. This is not an offer or solicitation of an offer to buy or sell any security or investment. Any opinion or estimates constitute our best judgment as of this date, and are subject to change without notice. Jefferies LLC and Jefferies International Limited and their affiliates and their respective directors, officers and employees may buy or sell securities mentioned herein as agent or principal for their own account.

In the United Kingdom this material is approved by Jefferies International Limited and is intended for use only by persons who have professional experience in matters relating to investments falling within Articles 19(5) and 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended), or by persons to whom it can otherwise be lawfully distributed. In the member states of the European Economic Area, this document is for distribution only to persons who are “qualified investors” within the meaning of Article 2(1)(e) of The Prospectus Directive. For Canadian investors, this document is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a “Designated Institution” as defined by the Securities Act (Ontario). For investors in the Republic of Singapore, this material is intended for use only by accredited, expert or institutional investors as defined by the Securities and Futures Act and is distributed by Jefferies Singapore Limited, which is regulated by the Monetary Authority of Singapore. Any matters arising from, or in connection with, this material should be brought to the attention of Jefferies Singapore Limited at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950. In Australia this information is issued solely by Jefferies LLC and is directed solely at wholesale clients within the meaning of the Corporations Act 2001 of Australia (the “Act”) in connection with their consideration of any investment or investment service that is the subject of this document. Any offer or issue that is the subject of this document does not require, and this document is not, a disclosure document or product disclosure statement within the meaning of the Act. Jefferies LLC is regulated by the Securities and Exchange Commission and the Financial Industry Regulatory Authority, under the laws of the United States of America, which differ from Australian laws. Jefferies LLC has obtained relief under Australian Securities and Investments Commission Class Order 03/1100, which conditionally exempts it from holding an Australian financial services license under the Act in respect of the provision of certain financial services to wholesale clients. In Japan this material is issued and/or approved for distribution by Jefferies (Japan) Limited to institutional investors only. In Hong Kong, this material is issued and/or approved for distribution by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In India this material is issued and/or approved for distribution by Jefferies India Private Limited. Recipients of this commentary in any other jurisdiction should inform themselves about and observe any applicable legal requirements in relation to the receipt of this material. Jefferies International Limited is authorized and regulated in the United Kingdom by the Financial Conduct Authority. Its registered office is at 100 Bishopsgate, London EC2N 4JL; telephone +44 20 7029 8000; facsimile +44 20 7029 8010.

This communication is being provided strictly for informational purposes only. This information is not a solicitation or recommendation to purchase securities of Jefferies and should not be construed as such.

Reproduction without written permission of Jefferies is expressly forbidden. All logos, trademarks and service marks appearing herein are the property of Jefferies LLC.

© 2022 Jefferies LLC. Member SIPC