



Fearnley Securities AS

Disclosures and Disclaimers for Recommendations

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Disclaimer

DISCLOSURES AND DISCLAIMERS FOR RECOMMENDATIONS (EQUITY AND FIXED INCOME)

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Basis and Methods for Assessment

Recommendations regarding shares and share related instruments ("Equities") are based on price targets fixed with different valuation methods that may include analysis of earnings multiples (absolute and relative), valuation of a company using DCF (discounted cash flow) calculations and by carrying out net asset value (NAV) assessments. Price targets are changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of the assets of the issuer that is the subject of the Recommendation (the "Recommendation Subject") changes or when factors impacting the required rate of return change. Unless otherwise stated, our recommendations have a twelve-month horizon.

Definitions of Key Terms

- Buy: When price target is more than 15 % above market price.
- Hold: When target price is within -15% - +15 % and/or if we do not see a compelling case in the share.
- Sell: When target price is 15 % or more below market price.

Equity recommendations prior to 8 July 2019

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|-------------|---|
| Buy: | When price target is more than 15 % above market price. |
| Accumulate: | When target price is within 5-15 % above market price. |
| Reduce: | When target price is +5 % to -15 % below market price. |
| Sell: | When target price is 15 % or more below market price. |

Risks

There is an element of risk attached to all investments in financial instruments. There may be uncertainties with respect to the accurateness and reliability of any information, interpretation and assessment. There are uncertainties and risks attached to the correctness of any Recommendation and with respect to forward looking statements and expectations.

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|--------------|----------------------|-----------|
| High risk: | beta above | 1.2 |
| Medium risk: | beta range | 1.0 – 1.2 |
| Low risk: | beta at or less than | 1.0 |

Fearnley Securities AS assesses risk in Recommendations relative to the Oslo Børs Benchmark index (OSEBX). Fearnley Securities AS applies the beta as main risk assessment criterion to its Recommendations. The risk assessment is in addition based on a consideration of the individual company's business and financial risk profile.

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Basis and Methods for Assessment

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Fearnley Securities AS mainly analyses fixed income instruments in the high yield segment where the credit risk is regarded as high. This includes rated instruments with ratings below BBB (S&P) or Baa3 (Moody's) (below "investment grade") where Fearnley Securities AS will quote the ratings to the extent these are known to Fearnley Securities AS.

Definitions of Key Terms

| | |
|-------|---|
| Buy: | The risk premium is considered as favorable relative to credit risk |
| Hold: | The risk premium is considered as acceptable relative to credit risk (Prior to April 11, 2016, defined as Accumulate) |
| Sell: | The risk premium is considered as not acceptable relative to credit risk (Prior to April 11, 2016, defined as Reduce) |

Unless otherwise stated, fixed income Recommendations are valid until maturity of the bonds.

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