

## Q2 2017 Earnings Call

### Company Participants

- Axel Schmidt, Group Chief Underwriting Officer
- Jay Stanley Bullock, Chief Financial Officer & Executive Vice President
- Mark E. Watson, President, Chief Executive Officer & Director
- Susan Spivak Bernstein, Senior Vice President-Investor Relations

### Other Participants

- Christopher Campbell, Analyst
- Greg Peters, Analyst
- Jeff Schmitt, Analyst

## MANAGEMENT DISCUSSION SECTION

### Operator

Good morning, and welcome to the Argo Group 2017 Second Quarter Earnings Conference Call.

All participants will be in listen-only mode. After today's presentation, there will be an opportunity to ask questions. Please note this event is being recorded.

I would now like to turn the conference over to Susan Spivak Bernstein. Please go ahead.

### Susan Spivak Bernstein {BIO 1514699 <GO>}

Thank you, and good morning. Welcome to Argo Group's conference call for the second quarter 2017 results. Last night, we issued a press release on earnings, which is available in the Investors Section of our website at [www.argolimited.com](http://www.argolimited.com).

Presenting on the call today is Mark Watson, Chief Executive Officer, who will share his thoughts about the quarter, after which, Axel Schmidt, Chief Underwriting Officer, will discuss some trends in the business; and Jay Bullock, Chief Financial Officer, will add some more commentary to the financial results. As the operator mentioned, this call is being recorded.

As a result of this conference call, Argo Group management may make comments that reflect their intentions, beliefs and expectations for the future. Such forward-looking statements are qualified by the inherent risks and uncertainties surrounding future expectations generally, and may materially differ from actual future results involving any

one or more of such statements. Argo Group undertakes no obligation to publicly update forward-looking statements as a result of events or developments subsequent to this conference call. For a more detailed discussion of such risks and uncertainties, please see Argo Group's filings with the SEC.

With that, I'll turn the call over to Mark Watson, Chief Executive Officer of Argo Group. Mark?

### **Mark E. Watson** {BIO 20610831 <GO>}

Thank you, Susan. Good morning, everyone, and welcome to our second quarter conference call. We posted strong results for both the second quarter and first six months of 2017. Net income per share was up 48% to \$1.48 from \$1.00 in the second quarter of 2016, and for the first six months of 2017, our net income per share rose 41% to \$2.67 per share from \$1.89 per share in the same period of 2016.

We ended the quarter with book value per share of \$62.65, inclusive of dividends paid, this is up 9.8% since June 30, 2016 and 5.8% since the beginning of this year. And as of June 30, 2017, the annualized return on shareholders' equity was 9%, and since 2013 has averaged just under 10%.

These improving results demonstrate continued strong profitable growth, improvement in our global platforms with the exception of some product lines underwritten in London, which I'll address in more detail shortly. Higher net investment income generated by our alternative portfolio, including a gain on the sale of another equity investment.

Overall, gross premiums written were up 22.6% in the second quarter and 19% in the six-month period of 2017. This strong growth partially reflects the acquisition of Ariel Re, but our top line is also benefiting from the investments we've made in technology.

These digital initiatives which we've been talking about for the past few years are now in vogue. For us, it's a differentiator and that they make it easier to do business with us by simplifying the workflow, business process and better employing technology to drive growth, even in a more competitive pricing environment.

Let me go through our underwriting operation. And just as a reminder, our international business is defined as where we underwrite with not necessarily where the risk resides.

First in our U.S. operations, I am happy to repeat this quarter that Kevin Rehnberg and his team are doing an outstanding job. Our U.S. operations reported a 13.4% increase in gross written premium to \$365 million. Net premiums were up 17% in the second quarter of 2017 compared to a year ago and net premiums earned rose 10.8%.

While three of our four reported business lines within this unit grew versus a year ago, the strongest growth was in our liabilities segment. We intentionally reduced our property exposure. The second quarter of 2017 loss ratio excluding catastrophic losses and reserve

development improved to 57.4% from 57.7% reported in the same period a year ago, and as a reminder, for the last several years, our loss ratio in the U.S. has been below 60%.

While we did see an increase in the expense ratio this quarter, this was mainly attributable to one-time IT expense charges as we continue to outsource some of our infrastructure and the hiring of new people that we think will produce profitable business for us, and we would expect these numbers to normalize by the end of the year.

We're reporting these strong results in our U.S. operations and what many have characterized as an increasingly competitive market environment. So, one might ask, how are we able to profitably grow in this type of market environment?

For us, the key differentiator is our specialty approach. We provide products that offer innovative solutions for hard-to-place risks. In distribution, we have intimate relationships with key brokers and continue to remove unprofitable relationships.

Our diversified portfolio reduces our reliance on any one product or geographic region and allows us to reallocate resources to the lines of business with better margins. And our size is an advantage that allows us to be nimble and develop new technology to better serve our clients and distribution.

Lastly, but a key part of the execution is bringing on experienced underwriters with demonstrated track records of building profitable businesses. We've made several key hires in both the U.S. and in our international operations, and will continue to capitalize on the consolidation in the industry that has resulted in very talented, experienced underwriters looking for a new home. Many have come to Argo.

These are the competitive strengths that we're leveraging to grow profitably in a market where the pricing is essentially flat. When you look at the markets we operate in, size and scale are not as critical as another market. For example, Colony, our E&S platform has been in this market for more than 25 years, and the average size of the premiums written in this business for us are about \$6,000. In fact, over 90% of our business in this market has an average premium of \$25,000 or less.

These are numbers that we've talked about on previous calls, but I just thought I would mention them again. In these markets, the speed that you can bind, deliver and service a policy is the key to success, and again we've been investing in our digital solutions for several years.

As a few examples, a number of years ago we made investments in technology to enhance our systems and improve the speed at which we can bind and quote business. I've mentioned previously that we've gone from taking four to 10 days to underwrite or quote a policy to less than 24 hours to do so now, and I think we will continue to improve upon that as this year progresses.

In the markets we're in, submissions remain high and the fastest one to quote the business often wins. Our results in the U.S. demonstrate we're well on our way to winning and gaining market share.

We're also benefiting from new product launches, a few examples of recent product innovation are our cyber, architect and engineer products in other professional lines.

Trident, our public entity business continues to perform strongly. Other areas like Rockwood, our specialty workers' comp business, has benefited from an economic turnaround, and they like many of our businesses have also streamlined processes to operate more efficiently. Our surety and program businesses are also both growing profitably.

Going forward, we'll continue to innovate, uniquely manage relationships and use technology to make enhancements to the way we do business that should allow us to profitably grow in areas where we otherwise would be struggling in a competitive market.

Moving on to talk about our international operations that include London, Bermuda, Latin America and other emerging markets. These are being run by José Hernandez, who joined Argo in October of 2016, and since the end of the first quarter of 2017, José has strengthened his management team through two exceptional hires, we're very pleased to welcome to the Argo team.

Jorge Luis Cazar has joined us in June to run our Latin American operations. Prior to joining Argo, Jorge was running Global A&H for Chubb. And last week we announced that Matt Harris is joining Argo to run our European and Asian operations. Matt has extensive global experience and most recently, was running AIG's Southeast Asian Operations.

Another important appointment also announced last week was the new Managing Director of our managing agency, Dominic Kirby, a 25-year industry veteran who joined us with the Ariel Re acquisition earlier this year.

From a financial standpoint, we still have a few changes to make to bring the international results up to our high expectations. In the second quarter of 2017, gross written premium was up 35%, primarily driven by reinsurance business and by business in Bermuda and Brazil. The loss ratio excluding catastrophe losses and prior-year reserve development is 56.3% compared to 48.1% in the second quarter of 2016 and for the six-month period, the loss ratio excluding catastrophe losses and prior year development was 55.5% compared to 51.4%.

The difference in both calendar and accident year results is being driven primarily by results in our D&F property book, which I'll talk about momentarily. Other than that, all of our other platforms are growing well and growing profitably.

I've been very vocal about the issues in the London market, even questioning the business model and sustainability in the past. In doing so, I'd emphasize that the London

FINAL

Bloomberg Transcript

market is becoming increasingly more expensive as both commission expense and compliance expense continue to rise.

This is despite increasing pressure on the cost of acquiring business, and it's an issue that I think is being felt industrywide now, and I'm happy to point out that fortunately for us, as other parts of our platform continue growing, they're becoming a more important part of the group.

While it's not getting any easier at Lloyd's as margin pressure continues, particularly in property, we continue to sculpt the book to optimize our underwriting margins at the syndicate with an emphasis on our better-performing products.

Going forward, our International Operations should also benefit from the combination of the increasing geographic presence, new management leadership, new products and strong distribution relationships to help build upon our existing franchises, globally.

Now, turning to investments, Argo second quarter return was 1.6% versus 1.8% in the second quarter of 2016. Year-to-date, we're slightly ahead of last year at 3.1% versus 3%. You may remember that, the second quarter of 2016 was a strong quarter for our portfolio as the credit markets recovered from the energy crisis.

For the quarter, our core bond portfolio was up 1.1%, and our risk portfolio was up 2.5%. Our core bond portfolio benefited from a slightly flatter yield curve, spread compression and a weakening U.S. dollar. Our risk portfolio benefited from the strong quarter in equities and credit.

Year-to-date, the core bond portfolio was up 1.9%, and our risk portfolio was up 6.3%. Our reported net investment income was \$43.6 million for the second quarter of 2017, \$8 million higher than a year-ago and \$13.2 million higher than the first quarter of 2017.

Alternatives, which were positively impacted by the sale of the business during the quarter were \$20.6 million, and made up most of the increase both year-over-year and sequentially.

As a reminder, we expect the alternative contribution to be lumpy by quarter, but as can be seen in the table provided in our press release that we issued yesterday, the economic gains over the past few years have been very positive.

Moving on to capital management, during the second quarter of 2017, we repurchased \$2.8 million or 46,500 shares of stock. As we've talked about in the past, we will capitalize on opportunities when our stock price corrects to a level that does not in our view reflect the value of the franchise we're building.

We recently had this opportunity in our stock, and since June 30th, 2017, we repurchased an additional 56 - a little over 56,000 shares for approximately \$3.4 million. That brings our total repatriation through share repurchases and dividends to nearly \$520 million since

we began our share repurchase program, and our shareholders' equity has grown from approximately \$1.5 billion to approximately \$1.9 billion during the same period, which equates to a 10% combined annual growth rate and book value per share.

So, to summarize, yes, market conditions are competitive, but this is the market that we're in. So, you can sit back and reduce volume and wait for the elusive hard market where you can do what we're doing, and approach the market by developing better tools through digitization, pricing and risk selection to improve returns as we've demonstrated.

The combination of our capital allocation and our underwriting results, and the total return investment strategy of our portfolio is generating real value for our shareholders.

And with that, I'll turn the call over to Axel Schmidt, our Chief Underwriting Officer, Axel?

### **Axel Schmidt** {BIO 19499069 <GO>}

Thanks, Mark. Good morning, everyone. As Mark mentioned, our gross written premiums were up 22.6% in second quarter, and 19% in the six month period of 2017. In fact, we've grown gross written premiums in all four of our major lines of business in both the second quarter and for the first six months of the year compared to the corresponding 2016 period.

The proportion of Specialty business across the group in the first six months of 2017 has increased to 22.6% of the overall portfolio from 16% in 2016. This is driven by the acquisition of Ariel Re and growth in our U.S. program (16:29) business.

Our consistent growth across the whole portfolio has been short, but (16:34) the portfolio remains diverse with the spread of products across all four major lines of business. This diversification allows us to take a proactive approach to managing our portfolio across the cycle result in over reliance on individual products or geographies.

We continuously monitor the performance of our products, product portfolios and distribution partners. As identified in favorable trends, we would seek to address these issues either by increasing rate, adjusting our risk appetite or by other underwriting actions.

As I said before, and will continue to reiterate, it is vital that we maintain our underwriting discipline and underwrite for profit and not for top line. The fact that we've demonstrated growth across the portfolio does not mean we're only writing for top line, where business does not meet our internal underwriting standards for whatever reason; we will keep on declining this business.

Furthermore, we are regularly reviewing and are necessarily (17:38) optimizing our portfolio mix. Mark mentioned the challenges in the Lloyd's market; that's an area we've taken corrective actions in our property portfolio as Mark mentioned, and are ready to take additional actions if required.

FINAL

However, we're not aiming to shrink to greatness. On the contrary, we've always followed attractive opportunities to select specific lines of business and products; where we see opportunities, we will go on making investments in underwriting teams and underwriting systems.

We continue to utilize technology to improve the efficiency and effectiveness of our underwriting process, as well as utilizing this as a differentiator in the marketplace. This is not a new initiative for Argo.

In fact, we recently celebrated the five-year anniversary for our first policy on our digital platform Protect in Brazil (18:32) and that time, we've utilized the platform to serve customers in more than 3,000 cities by over 2,000 brokers across Brazil.

During the second quarter, at Argo Pool, our global specialty lines (18:48) business, we've strengthened our underwriting teams further by bringing in experienced underwriters, particularly in the U.S. These talented underwriters are, along with our existing teams, driving the development of new business opportunities, and are supporting our global professional lines across all of Argo's six underwriting entities in professional lines.

Additionally, our Continental European professional lines team are further establishing themselves in our selected key markets.

As I mentioned last quarter, cyber is an area where we see significant market opportunities. Our dedicated cyber underwriting teams across the U.S., Bermuda and UK are constantly collaborating to leverage our expertise globally, and to ensure that we deploy our capacity, effectively.

In the U.S. our Specialty Programs (19:41) business continues to grow from strength to strength. Our gross written premium increased by 14.2% from Q2 2016 driven by our Brownstone Excellent Programs (19:52). We continue to see opportunities in this area, and have added further programs in the quarter.

Overall, there's pockets (20:00) of challenging areas across the portfolios, which we continue to manage. I'm optimistic about the flow of popular new opportunities, we continue to see - and the underlying talent that we have on reorganization to execute on those opportunities.

With that, I hand over to, Jay to add some more commentary on our financial results. Jay?

**Jay Stanley Bullock** {BIO 3644311 <GO>}

Thanks, Axel, and good morning, everyone. I'll add a few details on the financials, and then open it up to questions.

Of note, related to the growth, both Mark and Axel discussed, excluding business underwritten by Ariel Re, which was acquired in February; year-over-year growth was 6.7%

Bloomberg Transcript

for the quarter, and 8% for the six months. Again, this was driven by increases in most of our U.S. core operations.

In addition, the ratio of net to gross premiums decreased modestly, reflecting an increase in certain front-end businesses, and the purchase of additional reinsurance protection.

Turning to the loss ratio, yet another outstanding quarter and six-month results from our U.S. operations, somewhat less so in the International Operations as Mark mentioned. In the second quarter 2017, we reported \$1.1 million of favorable development compared to \$12.7 million in the second quarter of 2016.

For the first half of 2017, unfavorable development of \$5.7 compared to \$15.9 million of favorable development in the same period of 2016. This quarter's result reflects continued positive development in our U.S. operations, offset by adverse development in our London operation related to property, liability and specialty lines in roughly equal amounts.

It's worth noting that the first quarter of this year included approximately \$10 million of development related to the Ogden rate change in the UK, analyzing claims - reported claims for Hurricane Matthew. The breakout by U.S. and International is detail in the press release. Catastrophe losses in the quarter were a modest \$4.5 million compared to \$22.7 million in the second quarter of 2017. Losses in this year's quarter are primarily from smaller U.S. storms.

Turning to the expense ratio in the second quarter, the expense ratio was 38.8% compared to 38.6% in 2016. For the six months ended June 2017, the expense ratio was 39.6% compared to 38.5% in the 2016 period.

However, approximately 1% of the six-month result relates to non-recurring items that impacted the ratio, primarily in the first quarter of 2017. Excluding these non-recurring items for the six-month period, the expense ratio was essentially flat.

Interest expense was up in the quarter, reflecting the \$125 million term loan issued as part of the Ariel acquisition, the inclusion of the outstanding Ariel junior subordinated debentures, and to a lesser extent, to the increase in LIBOR, off which the rate on some of our outstanding debt is based.

For the second quarter of 2017, the effective tax rate for the group was 9.4% versus our base assumption of 20%. The lower than expected rate was mainly due to over half of our earnings being attributable to our Bermuda operations.

We ended the quarter with a pre-tax, unrealized, embedded gain of \$150 million compared \$134 million at March 31st and \$116 million at year-end 2016. Majority of gains are part of our equity holdings, our fixed income holdings remain very short in duration and carrying value currently approximates market value.

FINAL

Bloomberg Transcript



Operator, that concludes our prepared remarks. We're now ready to take questions.

## Q&A

### Operator

We'll now begin the question-and-answer session. Our first question comes from Greg Peters of Raymond James. Please go ahead.

#### Q - Greg Peters {BIO 3111497 <GO>}

Good morning, and thanks for the call. I had three topics I was hoping you could respond on. First, on the underlying loss ratio, I know, Mark you were talking a little bit about in your prepared remarks, but looks to be about 200 bps higher in the quarter, and on a year-to-date basis.

Just curious if that's sort of a new level run rate that we should be thinking about going forward. And then, the other two questions, one's around the capital generation, you're generating earnings and maybe you could comment on the M&A pipeline, because if there's no M&A, I guess, you'd be more aggressive with a return of excess capital.

And then finally on the new hires, Mark, some of the guys that you mentioned are coming from companies with larger balance sheets. So I'm just wondering if there's any sort of adjustment that they have to position themselves for success at Argo?

#### A - Mark E. Watson {BIO 20610831 <GO>}

Okay. Let's start with the loss ratio. I don't think, the run rate is higher. I made the point in my remarks that actually the loss ratio excluding development and cats in the U.S. has actually improved slightly; it's 57.4% now, which I think is a pretty good number.

Our loss ratio for our International business is a bit higher right now because of some of the - we had to reset the loss pick for our DNS book, but as we continue growing the other parts of International, I think, we'll see that come back down.

So I don't expect our loss ratio to be running two points higher going forward. I expect it to be about where it is or as we continue changing mix of business, I still, think it's possible that it comes down particularly outside of the U.S.

So, I think, everything is positive. All the business that we're putting on the books today, we think has the same margins as what we've been reporting for the last few years in terms of loss ratio. So, I'm feeling pretty good about that.

Jay wrote down the questions.

#### A - Jay Stanley Bullock {BIO 3644311 <GO>}

Capital generation and M&A.

**A - Mark E. Watson** {BIO 20610831 <GO>}

Yeah, so, let's talk about capital management. I think, one of the things that we've done really well over the last couple of decades is how we manage our capital. For the last year, we've slowed down a little bit, the amount of capital that we've repatriated as we digest Ariel.

You'll recall that at the end of – you'll recall that in February, at our year-end earnings call, we increased our dividend by \$0.05 a share, which was about 23% increase. With our share price where it is, and now that we've finished digesting or I should say, integrating Ariel Re, we've decided that for now, buying back stock is a good idea.

And as we get later in the year depending upon what happens during hurricane season, I think, we will look at further capital repatriation. As far as M&A, there's always things to look at, but we are always competing with a lot of motivated buyers, and sometimes that works out for them, and sometimes that doesn't. So I think, we'll continue to manage our capital prudently as we've done for the last couple of decades.

And as for people, we have hired over the last four or five years, a few people from larger organizations and they all seem to be fitting in just fine. I will note yesterday that, Jose Hernandez did remind me that he still knows how to use Excel, even though he's come from a large company. So (28:26) company and get things done yourself, and I think the guys are fitting in just fine.

**Q - Greg Peters** {BIO 3111497 <GO>}

Great answers. Thanks for the follow-up.

**A - Susan Spivak Bernstein** {BIO 1514699 <GO>}

Operator, next question please?

**Operator**

The next question comes from Jeff Schmitt of William Blair.

**Q - Jeff Schmitt** {BIO 19747235 <GO>}

Hi, good morning, everyone. Looking at the expense ratio in the International side, it's actually down in the first half of the year, despite pressures in the London market. Can you maybe discuss what's driving that or what you're doing to bring that down?

**A - Mark E. Watson** {BIO 20610831 <GO>}

Yeah, a lot of it is mix of business, and the addition of bringing on the Ariel Re business to the Argo platform.

FINAL

**Q - Jeff Schmitt** {BIO 19747235 <GO>}

Okay. And then on the alternative investment side, how much of the returns are coming from - I know there's an internally managed portion of that book. Is much coming from that or is this just sort of more broader across the book. I know you invested in kind of a wide array of securities there?

**A - Mark E. Watson** {BIO 20610831 <GO>}

Yeah, no, the returns for the quarter were across the whole portfolio.

**Q - Jeff Schmitt** {BIO 19747235 <GO>}

Okay. Thank you.

**A - Susan Spivak Bernstein** {BIO 1514699 <GO>}

Next question operator.

**Operator**

The next question comes from Christopher Campbell of KBW. Please go ahead.

**Q - Christopher Campbell** {BIO 20262752 <GO>}

Hi. Good morning.

**A - Mark E. Watson** {BIO 20610831 <GO>}

Good morning.

**A - Jay Stanley Bullock** {BIO 3644311 <GO>}

Good morning.

**Q - Christopher Campbell** {BIO 20262752 <GO>}

Quick question on international if I may. So, the core loss ratio and reserve development are both kind of worse year-over-year, and it looks like you're responding by lowering your retentions on what appears to be this underpriced business.

So, I'm just curious, where is this underpriced business going now that you're - while you're seeding it? Is it migrating more on a rated balance sheets or collateralized sidecars?

Yeah, I am not sure that we're seating more of the business that we think is underpriced. We're just letting it go. If our retentions are going up it's just - it's because of how we're managing the total portfolio, not anyone class of business.

Okay. Yeah. I just saw the retentions were about 58% versus 69% year-over-year.

Bloomberg Transcript

FINAL

**A - Jay Stanley Bullock** {BIO 3644311 <GO>}

To a lesser extent, that reflects an increase in trade capital. So that means - what does that mean? It means we speak for a little bit less of the syndicate for 2017 versus 2016, but those are what I'd call very much aligned business partners of ours.

So, they have the same level of interest in making sure that we underwrite profitable business.

**A - Mark E. Watson** {BIO 20610831 <GO>}

Right, and included in that is the increased session ratio of the Ariel Re business on to Syndicate 2019 (31:41) straight capital.

**A - Jay Stanley Bullock** {BIO 3644311 <GO>}

That's right.

**A - Mark E. Watson** {BIO 20610831 <GO>}

That's the largest driver of change in session ratio year-over-year.

**Q - Christopher Campbell** {BIO 20262752 <GO>}

Okay. So, you do see the difference in the seeding commissions. So, when we're looking at that 280 bps year-over-year expense ratio improvement, how much of that is just a mix shift, bringing on Ariel Re versus actual cost synergies that you're kind of squeezing out of the platform now that it's on - now that it's integrated upon?

**A - Mark E. Watson** {BIO 20610831 <GO>}

Well, it's a combination of both change in mix of business and getting to scale. Remember, part of the benefit of bringing Ariel on to our platform, was being able to reduce some of the combined overhead, and we're starting to see some benefit of that now, and as I mentioned in the last call, I felt we would really start to see that in the second half of the year.

**A - Jay Stanley Bullock** {BIO 3644311 <GO>}

And just as a reminder, we closed on the acquisition in middle of March. So, we're four and half months of reported results here. So, I do think we'll start to see that coming through, but this is a sort of first full period results for Ariel.

**Q - Christopher Campbell** {BIO 20262752 <GO>}

Okay. That makes sense. And just one final one if I can? Mark, you had mentioned the expense structure challenges at Lloyds and I know that Lloyds is doing some redundancy efforts and expense reduction work over there. So, would Argo benefit from that and any idea of how much?

**A - Mark E. Watson** {BIO 20610831 <GO>}

Bloomberg Transcript

Presumably, we'll benefit from that, and I guess it remains to be seen what the quantum is.

**Q - Christopher Campbell** {BIO 20262752 <GO>}

Got it. Very helpful. Well, thank you for all the answers and best of luck in 3Q.

**A - Mark E. Watson** {BIO 20610831 <GO>}

Thank you.

**A - Jay Stanley Bullock** {BIO 3644311 <GO>}

Thank you.

**Operator**

This concludes our question-and-answer session. I would now like to turn the conference back over to Mr. Watson for closing remarks.

**A - Mark E. Watson** {BIO 20610831 <GO>}

I would like to thank everyone for joining us this morning. I know that this has been a busy morning for everyone, and I look forward to talking with everyone in November after we release our third quarter.

Operator this concludes our remarks for today. Thank you.

**Operator**

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*