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About the U.S. Equipment & Software Investment Momentum Monitor

Business leaders require actionable forward-looking intelligence to make strategic decisions. Accordingly, the Equipment Leasing & Finance Foundation commissioned Keybridge LLC to develop a series of custom leading indicators for the equipment sector. Published monthly, the “U.S. Equipment & Software Investment Momentum Monitor” consists of indices for the 12 equipment and software investment verticals listed below. These indices are designed to identify turning points in their respective investment cycles with an approximate 6-month lead time.

The Momentum Monitor is based on Keybridge’s extensive research which shows that not all movements in economic data are reliable signals of future economic trends. Keybridge has operationalized its research by constructing indices, each comprised of 10–20 high-frequency indicators. These indicators undergo rigorous testing to determine the optimal thresholds at which their short-term fluctuations are economically meaningful. In simpler terms, the Momentum Monitor sifts out the “noise” in the data and identifies the dominant trends. As a result, each Momentum Monitor index is statistically optimized to signal turning points in the investment cycle without giving false readings of shifts in momentum.

The Momentum Monitor covers 12 equipment and software verticals as defined by the U.S. Department of Commerce, Bureau of Economic Analysis.

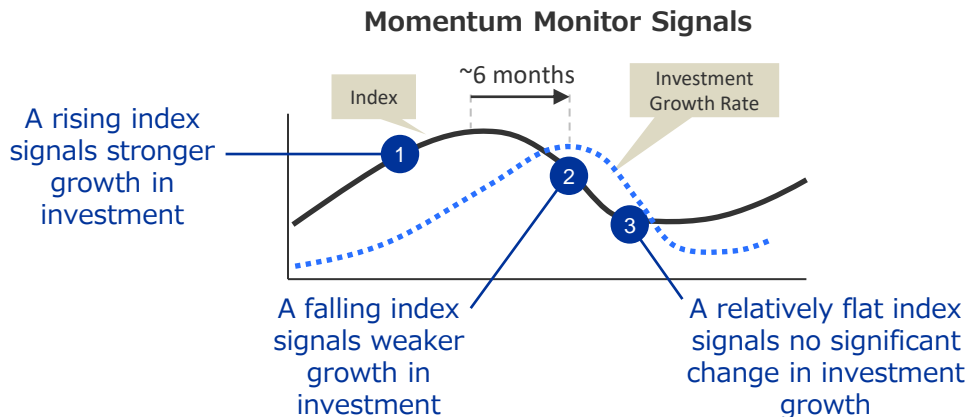
U.S. Equipment & Software Investment Momentum Monitor – 12 Verticals

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|-----------------------------------|-----------------------|
| 1) Agriculture Machinery | 7) Aircraft |
| 2) Construction Machinery | 8) Ships and Boats |
| 3) Materials Handling Equipment | 9) Railroad Equipment |
| 4) All Other industrial Equipment | 10) Trucks |
| 5) Medical Equipment | 11) Computers |
| 6) Mining & Oilfield Machinery | 12) Software |

How to Read the Monitor

Each Momentum Monitor index provides a signal of the direction and magnitude of growth in equipment investment over the next six months. It is important to note that index values do not correspond to particular growth rates. Instead, the Momentum Monitor indices should be interpreted within the context of prior index readings and investment growth rates. For example, there are several simple rules to follow when examining the latest index values:

- 1) A rising index signals that growth in investment will accelerate from the current rate;
- 2) A falling index signals that growth in investment will decelerate from the current rate; and
- 3) No change in the index signals no meaningful change from the current growth rate.



To help the reader interpret the latest Momentum Monitor signals, a summary report for each equipment vertical follows a specific outline:

Materials Handling Equipment:

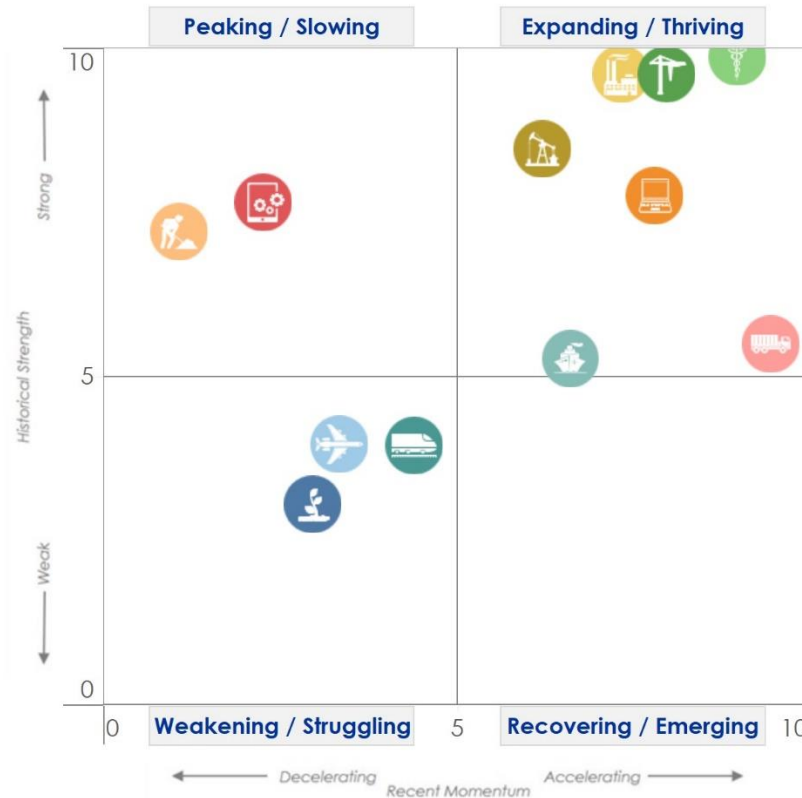
- 1 Investment in Materials Handling Machinery inched up at a 0.3% annualized rate in Q4 2014 and is up 7.3% year-over-year.
- 2 The Materials Handling Momentum Index slipped from 93.5 in February to 92.5 in March.
- 3 A 23% decline in the MNI-Chicago Business Barometer and a spike in Economic Policy Uncertainty offset gains in Machinery Sales, Manufacturing Sales, and the ISM Manufacturing Suppliers Deliveries Index.
- 4 The Index's recent trend continues to indicate that growth may moderate over the next six months.

- 1) The first sentence reports the latest growth rate for investment in a given vertical. This provides a context for interpreting the order of magnitude of growth over the next six months.
- 2) The second sentence explains the latest movement in the index, indicating whether momentum is accelerating or decelerating.
- 3) The report then describes the recent movements of one or more indicators to help to explain the index's latest reading.
- 4) Finally, the report ends with an interpretation of where investment growth is heading over the next six months based the index's recent movement and historical strength.

U.S. Equipment & Software Investment Momentum Monitor

May 2022

Momentum Monitor Sector Matrix



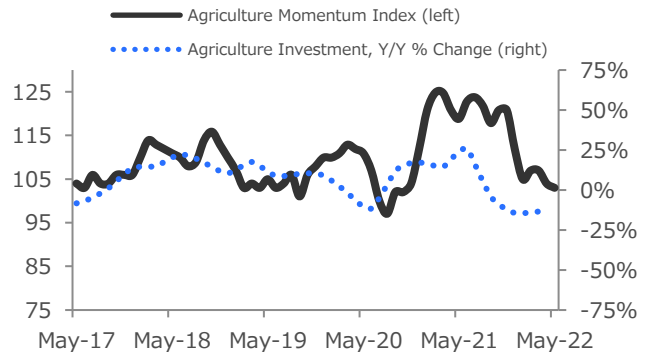
The matrix above summarizes the current values of each of the 12 Equipment & Software Investment Momentum Indices based on two factors: Recent Momentum (x-axis) and Historical Strength (y-axis):

- **"Recent Momentum"** represents the degree of an indicator's recent acceleration or deceleration in the past month relative to its average movement during the previous 3 months. Ratings closer to "0" represent an indicator that is rapidly decelerating, while ratings closer to "10" represent an indicator that is rapidly accelerating.
- **"Historical Strength"** represents the strength or weakness of an indicator in the past month relative to its typical level since 1999. Ratings closer to "0" represent an indicator that is weaker than average, while ratings closer to "10" represent an indicator that is stronger than average.

The matrix is comprised of four quadrants according to each vertical's recent momentum and historical strength readings. If a vertical is located in the top-left quadrant, its momentum reading is higher than average, but positive movement has slowed (and perhaps reversed) in recent months — suggesting that investment levels may fall over the next two quarters. Verticals located in the bottom-right quadrant, however, have momentum readings that are below average, but recent movement shows promise — suggesting that investment levels may rise over the next two quarters. This makes them potentially attractive targets for new short-term leasing and finance opportunities.

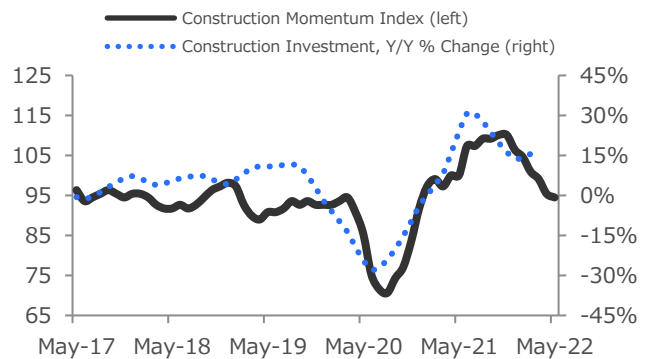
Agriculture Machinery:

Investment in Agricultural Machinery declined 17% (annualized) in Q4 2021 and is down 13% from one year ago. The Agriculture Momentum Index eased from 104.0 in April (revised) to 103.0 in May. Agricultural Machinery Industrial Production ticked up 0.8% in March while M2 growth slowed sharply to 0.2% in March. Overall, the Index's position and recent movement suggest that agriculture machinery investment growth is unlikely to improve over the next six months.



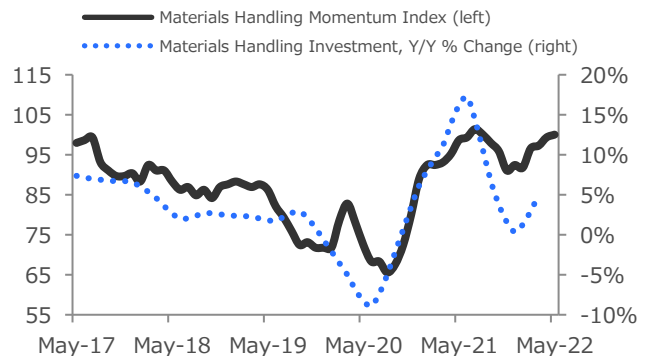
Construction Machinery:

Investment in Construction Machinery surged 40% (annualized) in Q1 2022 and is 18% above its year-ago level. The Construction Momentum Index ticked down from 95.4 in April (revised) to 94.5 in May. In April, Consumer Confidence eased 0.8%, while the S&P 1500 Composite Index was down 8.6%. Overall, the Index's position and recent movement suggest that construction machinery investment growth will decelerate over the next two quarters.



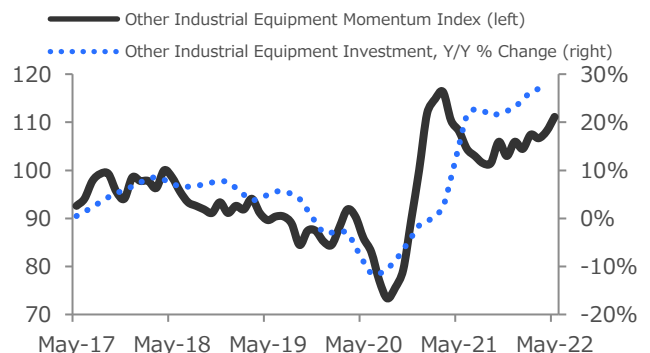
Materials Handling Equipment:

Investment in Materials Handling Equipment rose 24% (annualized) in Q1 2022 and was 5.1% above year-ago levels. The Materials Handling Momentum Index edged up from 99.3 in April (revised) to 100.0 in May. Durable Manufacturing Industrial Production increased 1.3% and The NFIB Small Business Survey Borrowing Sub-Index rose 8.7% in March. Overall, the Index's position and recent movement suggest that materials handling investment growth may improve over the coming six months.



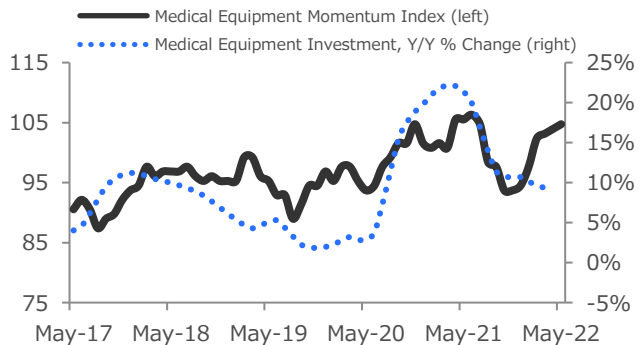
Other Industrial Equipment:

Investment in All Other Industrial Equipment expanded 24% (annualized) in Q1 2022 and rose 27% Y/Y. The Other Industrial Equipment Momentum Index increased from 108.1 in April (revised) to 111.1 in May. Total Manufacturing Industrial Production increased 0.9% and Machinery Industrial Production ticked up 0.8% in March. Overall, the Index's position and recent movement suggest that other industrial equipment investment growth will remain elevated over the coming two quarters.



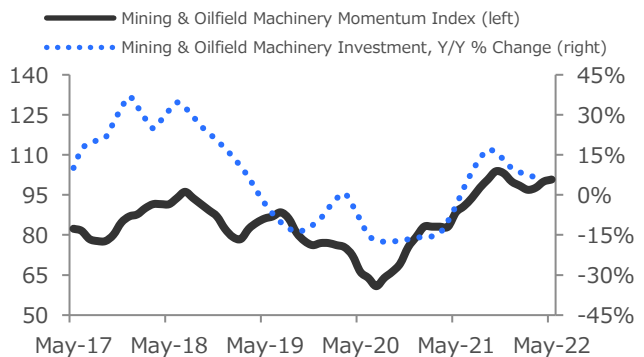
Medical Equipment:

Investment in Medical Equipment increased 8.0% (annualized) in Q1 2022 and is up 9.3% year-over-year. The Medical Equipment Momentum Index increased from 103.9 in April (revised) to 104.7 in May. Industrial Production for Miscellaneous Medical Equipment & Supplies increased 1.6% and Capacity Utilization for Electrical Equipment Manufacturing ticked up 0.9% in March. Overall, the Index's position and recent movement suggest that medical equipment investment growth may accelerate over the next six months.



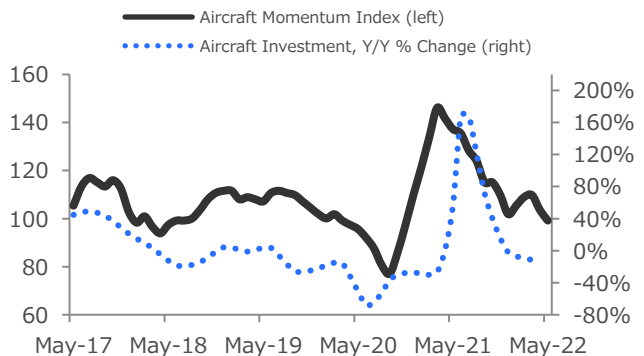
Mining & Oilfield Machinery:

Investment in Mining & Oilfield Machinery rose 5.7% (annualized) in Q1 2022 and is 6.6% above year-ago levels. The Mining & Oilfield Machinery Momentum Index ticked up from 100.0 in April (revised) to 100.8 in May. Mining, Oil, and Gas Field Machinery Industrial Production rose 3.5% in March and Mining & Logging Employment rose 3.9% in April. The current position and recent movement of the Index suggest that mining & oilfield machinery investment growth will remain in positive territory over the coming two quarters.



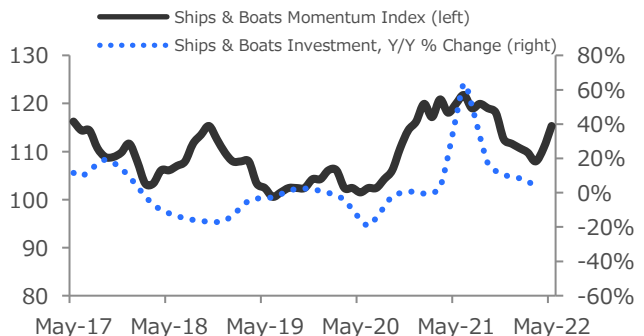
Aircraft:

Investment in Aircraft plunged at a -29% (annualized) rate in Q1 2022 and is 12% below year-ago levels. The Aircraft Momentum Index fell from 103.6 from April (revised) to 99.2 in May. Civilian Aircraft Exports decreased by 4.3% and New Orders of Defense Aircraft & Parts fell 26% in March. Overall, the Index's position indicates that aircraft investment growth will likely remain weak over the coming two quarters.



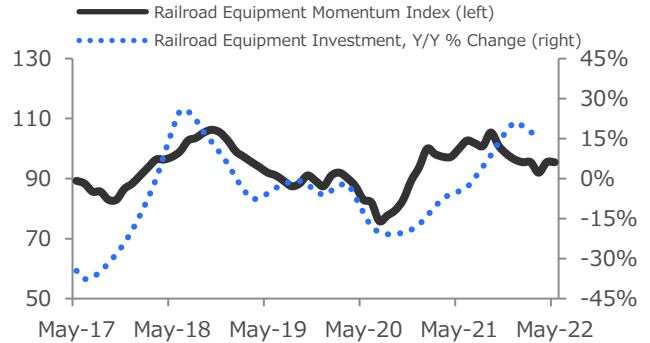
Ships & Boats:

Investment in Ships & Boats fell at an annualized rate of 18% in Q1 2022 but is 3.2% above its year-ago level. The Ships & Boats Momentum Index rose from 110.7 in April (revised) to 115.3 in May. The PPI for Ship Repairs increased 4.7% and Grain & Oil Seed Milling Shipments rose 2.5% in March. Overall, the Index's position suggests that ships & boats investment growth could rebound over the coming six months.



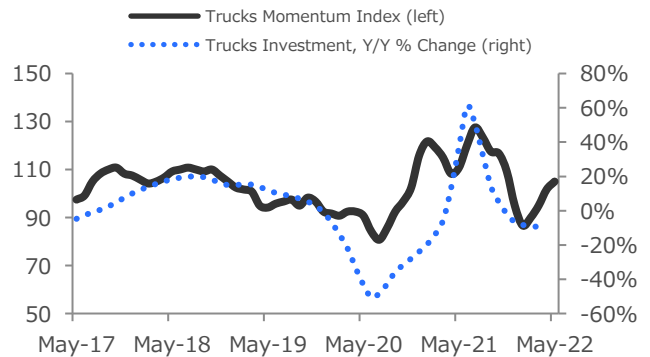
Railroad Equipment:

Investment in Railroad Equipment increased 23% (annualized) in Q1 2022 and is up 16% year-over-year. The Railroad Equipment Momentum Index was unchanged at 95.5 in May following April revisions. Average Hourly Earnings of Employees in Transportation & Warehousing fell 0.7% in March, while Rail Carloads of Petroleum Products increased 2.7% in April. Overall, the current position of the Index suggests that railroad equipment investment growth is unlikely to accelerate over the coming six months.



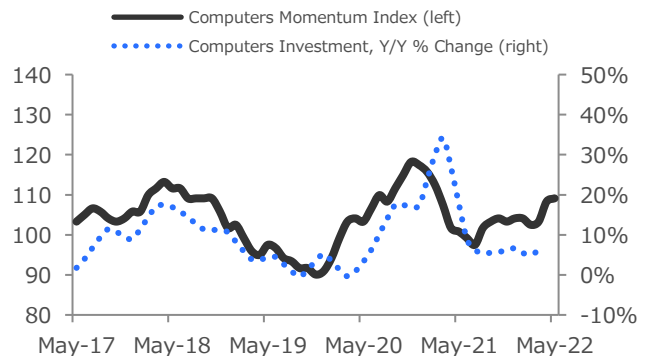
Trucks:

Investment in Trucks fell 6.7% (annualized) in Q1 2022 and is down 9.5% from year-ago levels. The Trucks Momentum Index rose from 101.7 in April (revised) to 105.0 in May. In March, Earnings for Freight Trucking Workers increased 0.3%, while Shipments of Heavy-Duty Trucks rose 2.5%. Overall, the position and recent movement of the Index indicate that trucks investment growth may improve in the coming two quarters.



Computers:

Investment in Computers increased 42% (annualized) in Q1 2022 and is up 6.1% year-over-year. The Computers Momentum Index increased from 108.3 in April (revised) to 109.1 in May. Total Revolving Debt increased 1.7% and Sales of Computers & Computer Peripheral Equipment & Software rose 2.5% in February. Overall, the Index's recent movement suggests that computers investment growth may improve over the coming six months.



Software:

Investment in Software rose 9.8% (annualized) in Q1 2022 and is up 9.6% from a year prior. The Software Momentum Index ticked down from 102.9 in April (revised) to 100.5 in May. The S&P 500 Index fell 8.8% in April, while Non-Residential Construction Spending eased 1.2% in March. Overall, the Index's position and recent movement suggest that software investment growth will continue to decelerate over the coming two quarters.

