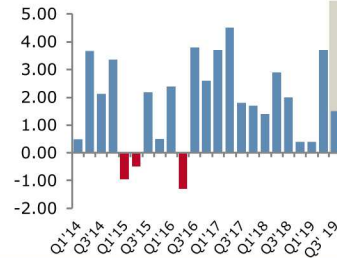


2019 Marine Industry Update: Volume 2

Canada Edition

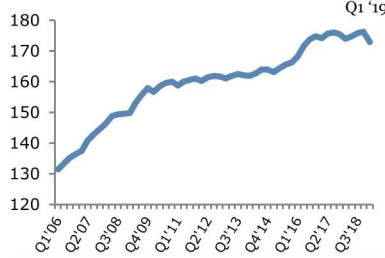
Quarterly annualized GDP % Change

(BoC Monetary Policy Report – Jul. 2019)



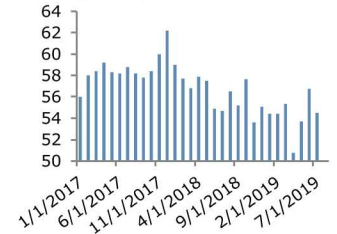
Quarterly Household Debt to Disposable Income

(Statistics Canada – Apr. 2019)



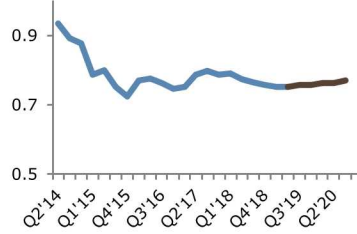
Consumer Confidence Index

(Bloomberg Nanos)



Wells Fargo Securities Currency Forecasts

(WF Securities Aug. 2019 Forecast)



Sources: Statistics Canada (Retail and Wholesale Sales, GDP, Unemployment, CPI, Household debt to disposable income ratio), Bank of Canada July 2019 Monetary Policy Report, Wells Fargo Securities Monthly FX Update – Aug. 2019

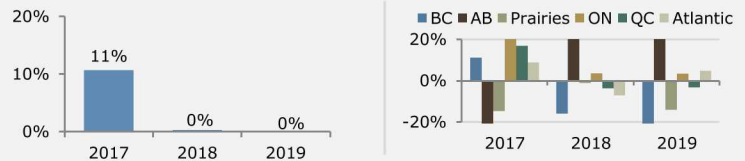
Economic Watch

- Canada's economy grew by a greater than expected 3.7% (q/q GDP annualized) in Q2'19. The Bank of Canada predicts growth at 1.5% (q/q GDP annualized) for Q3'19.
- Canada Q1'19 household debt-to-income ratio dropped to 173% from 176% in Q4'18.
- Retail sales remained flat in June m/m, while wholesale sales increased 0.6%.
- Canada added 81,000 jobs in August. The unemployment rate holds at 5.7%.
- The Bloomberg Nanos Canadian confidence index was 57.03 in August, lower than the 12-month high in July (59.06).
- Canada's inflation rate has remained at 2.0% since June, staying within the Bank of Canada's target.
- Wells Fargo economists predict the Canadian dollar to strengthen over the medium term through increasing oil production and effects of the USMCA.
- The Bank of Canada held its overnight rate at 1.75% on Sept 4th. Wells Fargo economists expect the Bank of Canada to cut interest rates in December of this year.

CDF Portfolio Overview

- Y/y volume.** The continued catch up in deliveries for model year 2019 product through the current year maintained total inventory purchases flat on a rolling 12 months basis. While being flat at a rolling 12-month Y/y figure as per the graph, volume was up 7% YTD (year-to-date) as of July 31st, 2019.
- Y/y outstandings.** Flat volume and softer retail activity resulted in a 10% increase in field inventory.
- Y/y liquidations (loan repayment resulted from sales).** Liquidations down 9%. The marine portfolio performance was impacted by a number of factors, such as cold temperatures, delayed spring, flooding, economic & trade issues to name a few. Drop in liquidations was further amplified by the strong retail activity enjoyed in 2018.

Y/y Volume % Change (Rolling 12-mth @ 7/31)



Y/y Outstanding's % Change (@ 7/31)

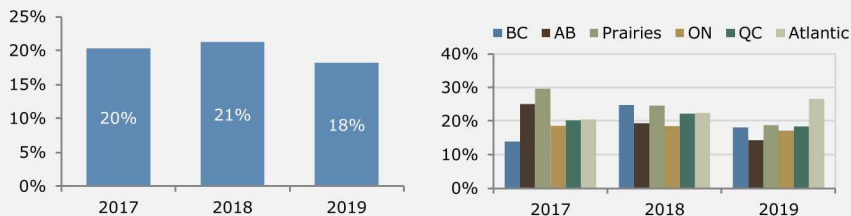


Y/y Liquidations % Change (Rolling 12-mth @ 7/31)



Source: Wells Fargo CDF® Internal Database

Aging (@ 7/31)



Aging levels are at 18%, down in % and \$ when compared to last year. Consumers are taking advantage the attractive pricing of inventory aged greater than 360 days.

Source: Wells Fargo CDF® Internal Database

Headlines

American boat makers feel the crunch from Trump tariffs

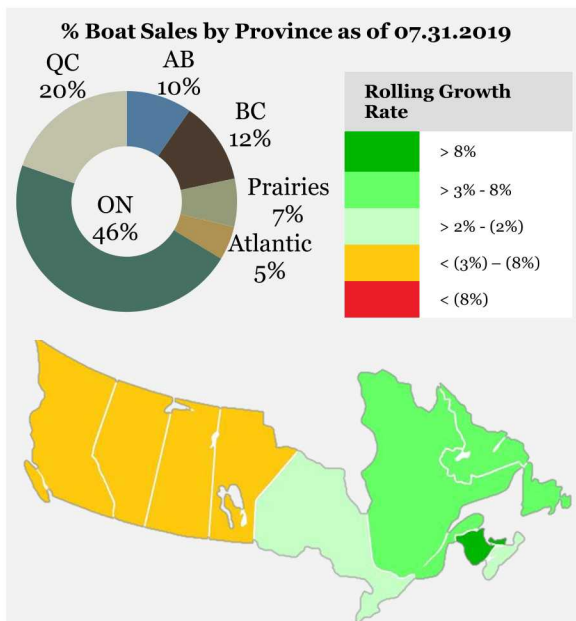
(ksl.com, Aug 4, 2018)

“American boat makers are getting pummeled on multiple fronts by tariffs and stand to be among the industries hardest-hit in an escalating trade war... New tariffs imposed on parts such as engines and navigation equipment imported from China are also pushing up costs.”

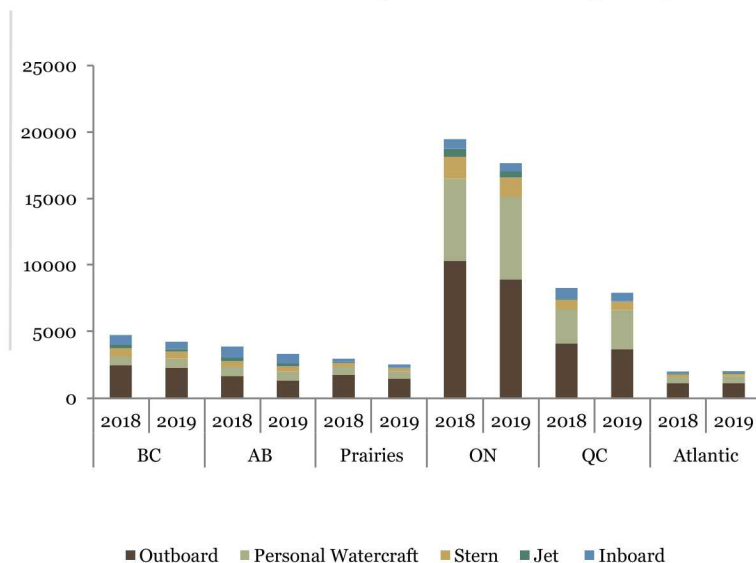
Boat clubs and other alternatives to ownership could see serious competition – and growth

(tradeonlytoday.com, May 1, 2019)

“Not long ago, dealers viewed boat clubs as competitors that lured away potential new-boat buyers with less-expensive membership programs. But as baby boomers sell their boats and cash-strapped millennials show interest in the boating experience, a growing number of companies are trying to reach both demographics through boat clubs and peer-to-peer rental companies.”



Canadian Retail Units – By Province as of 07.31.2019



Source: Statistical Surveys, Inc. <https://www.statisticalsurveys.com/>

© 2019 Wells Fargo Commercial Distribution Finance®. All rights reserved. Products and services require credit approval.

Wells Fargo Commercial Distribution Finance® (CDF) is the trademark for certain inventory financing (floor planning) services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Capital Finance Corporation Canada. This report is for information purposes only and is not intended as a recommendation. Some or all of the information contained herein has been obtained from, and is based on, third party sources which have not been independently verified. CDF and any of its affiliates do not guarantee the accuracy, completeness, adequacy, or timeliness of the information. Any and all expressed or implied representations or warranties are specifically disclaimed. All valuations, opinions, projections, and estimates are subject to change without notice. Nothing contained within the report constitutes financial, legal, tax, accounting, or other advice. This report shall not be solely relied upon in making decisions or taking any action. The use of the report is at your own risk. CDF is not and makes no representations to being an agent for or advisor to any party, nor does CDF have any fiduciary obligations to any party based on the report.