

**Strong
recovery –
positioned
well for
sustainable
growth**



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Agenda

Strong recovery – positioned well for sustainable growth

- Highlights
- Financial Performance
- The Market
- Business Strategy
 - Specification
 - New Product Development
 - Logistics
 - Operations
 - Sustainable Materials
 - Digital
 - Customer Centricity
 - Emerging Businesses
- ESG
- Summary
- Questions



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Strong recovery – positioned well for sustainable growth

Highlights

	2020	2019
Results before operational restructuring costs and asset impairments		
Revenue	£469.5m	£541.8m
EBITDA	£57.6m	£103.9m
Adjusted operating profit	£27.2m	£73.7m
Profit before tax	£22.5m	£69.9m
Basic EPS	8.60p	29.36p
ROCE	8.2%	21.4%
Net debt	£75.6m	£60.0m
Net debt – pre-IFRS 16	£26.9m	£18.7m
Adjusted operating profit	£27.2m	£73.7m
Operational restructuring costs and asset impairments	£(17.8)m	–
Statutory operating profit	£9.4m	£73.7m
Statutory results		
Statutory operating profit	£9.4m	£73.7m
Profit before tax	£4.7m	£69.9m
Basic EPS	1.19p	29.36p
Recommended final dividend	4.30p	–

We remain committed to the 2025 Strategy as our driver for growth



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COVID-19 ongoing response

- Priority given to health and safety
 - All operational sites have specific COVID-19 safety plans and measures
 - The Company has successfully transitioned support services to home-based working, keeping the sales and administrative offices closed to minimise infection risk
 - Significant additional operational costs incurred as a direct result of COVID-19, averaging £400,000 per month
 - In January and February 2021, the number of positive COVID-19 cases has dropped markedly
 - Lateral flow testing being implemented at all sites
 - Maintained full national manufacturing and logistics capability throughout the crisis

The safety of our employees, customers and suppliers is key



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Full Year highlights

Operational

- Priority given to health and safety throughout the COVID-19 crisis
- Focus on servicing our customers
- Operational restructuring exercise completed in H1 2020
- Increased manufacturing efficiency and operational flexibility
- Maintained focus on innovation and ESG priorities
- Capital investment of £30 million planned for 2021

Financial

- Strong trading in first 2 months of 2021 – healthy order books
- Re-instatement of dividends – final dividend of 4.30 pence recommended
- Progressive recovery in H2 2020 – sales in Q4 ahead of prior year
- Net debt of £26.9 million on a pre-IFRS 16 basis (2019: £18.7 million)
- Reported net debt of £75.6 million (2019: £60.0 million)
- Full repayment of furlough £9.4 million and deferred VAT
- Strong balance sheet and flexible capital structure

We continue to take all steps to support the long-term interests of the business and stakeholders



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Financial Performance

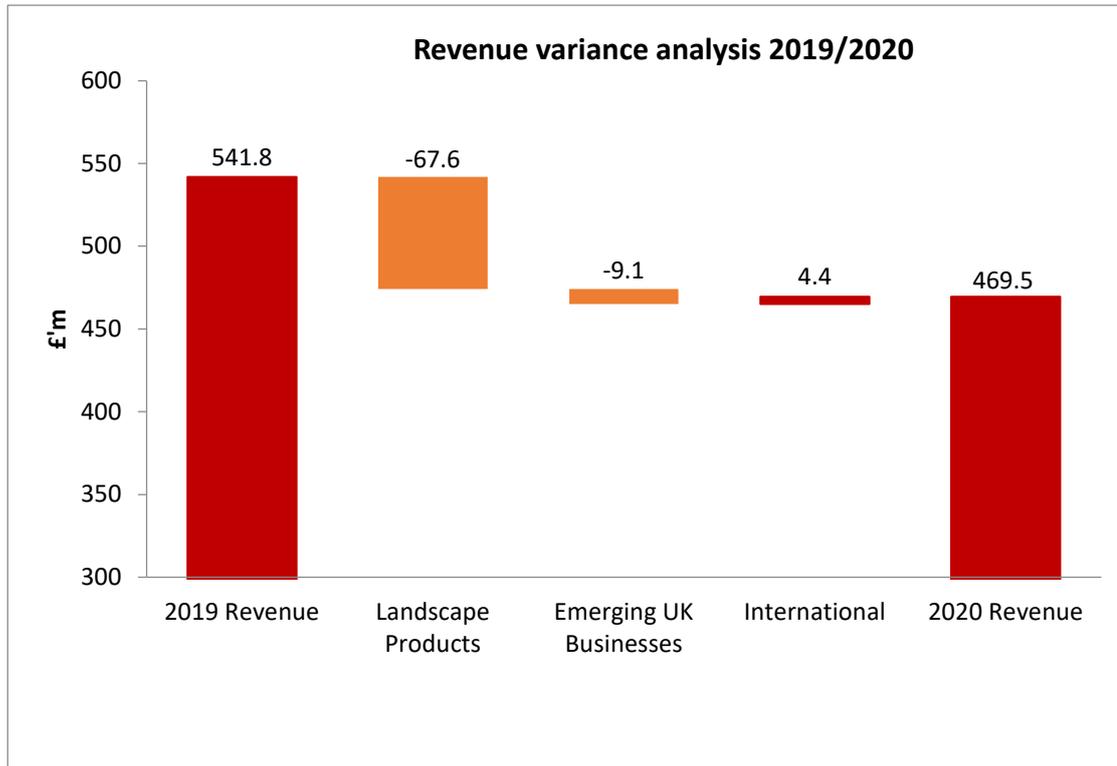
Full Year 2020 Results





Strong recovery – positioned well for sustainable growth

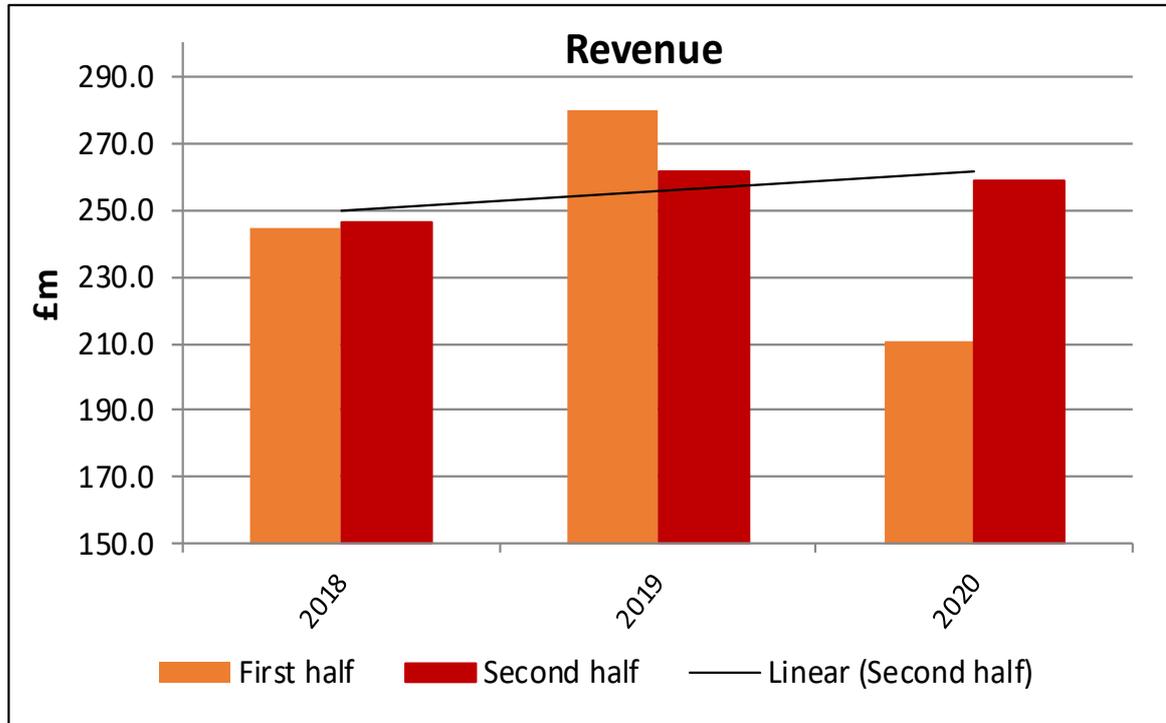
Revenue bridge 2019 to 2020





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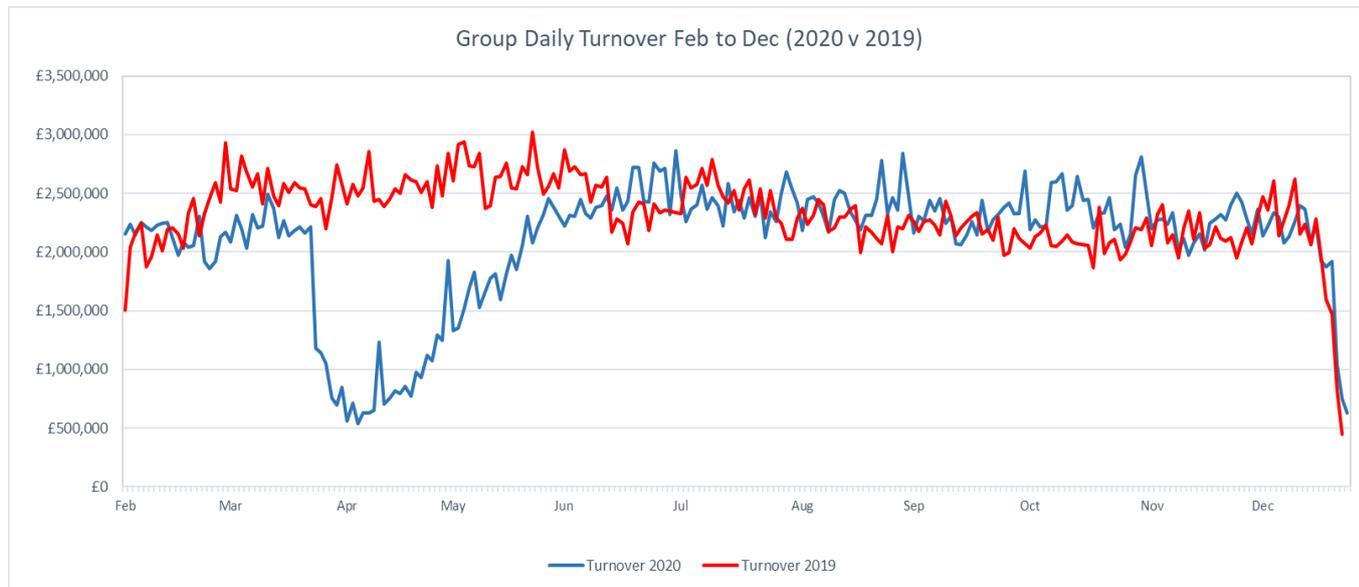
Strong sales recovery in H2 2020





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Daily sales trend

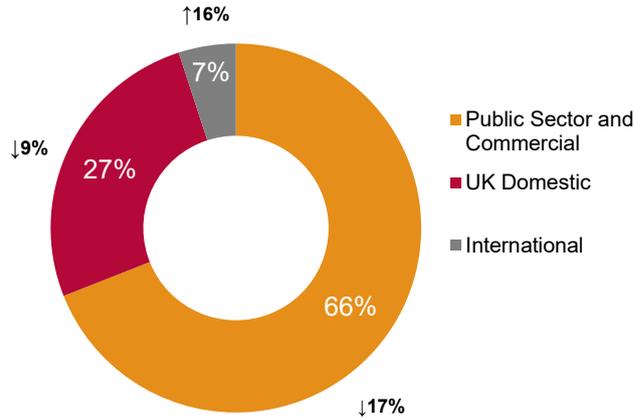




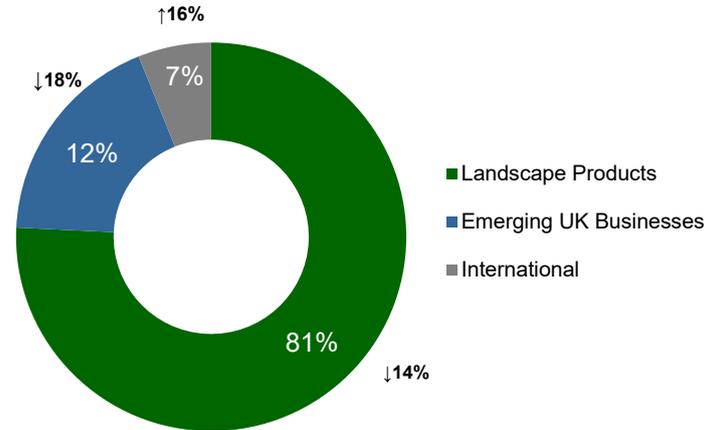
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Revenue analysis

Revenue analysis: end market



Revenue analysis: business area





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Impact of furlough repayment on H2 2020

	2020 HY2 £'m	Adjusted 2020 HY2 £'m	2019 HY2 £'m
Revenue	259.0	259.0	261.7
Operating profit*	23.7	23.7	34.7
Furlough adjustment	–	9.4	–
Adjusted operating profit*	23.7	33.1	34.7
Margin	9.2%	12.8%	13.3%

Note:

* Before operational restructuring costs and asset impairments

On a pro-forma basis, adjusting for the furlough repayment of £9.4 million in H2 2020, the operating margin increases to 12.8%.



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Margin reconciliation

	Revenue £'m	Operating profit* £'m	Margin impact %
2019	541.8	73.7	13.6
Landscape Products	(67.6)	(44.6)	(7.5)
Emerging UK Businesses	(9.1)	(4.0)	(0.5)
International	4.4	2.1	0.2
2020	469.5	27.2	5.8

Note:

* Before operational restructuring costs and asset impairments



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Cash flow from operating activities

	2020 £m	2019 £m
Cash inflow arising from:		
Operating profit*	27.2	73.7
Depreciation and amortisation	30.4	30.2
EBITDA*	57.6	103.9
Operational restructuring costs (excluding asset impairments)	(12.3)	–
Net financial expenses paid	(4.5)	(3.2)
Taxation paid	(4.6)	(9.0)
Net gain on sale of property, plant and equipment	(1.1)	(0.3)
Receivables / payables	(18.6)	0.5
Inventory	(0.2)	(5.3)
Equity settled share-based payments and other items	3.0	3.0
Acquisition / restructuring costs paid	–	(1.5)
Net cash flow from operating activities	19.3	88.1

Note:

* Before operational restructuring costs and asset impairments



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Cash flow

	2020 £m	2019 £m
Net cash flow from operating activities	19.3	88.1
Exceptional restructuring costs paid	(6.9)	–
Capital expenditure	(14.7)	(22.9)
Net proceeds from sale of surplus assets	11.4	0.5
Dividends paid	–	(33.2)
Lease payments	(13.8)	(12.7)
Proceeds from issue of share capital	–	0.2
Payments to acquire own shares	(2.7)	(1.5)
Sub-total	(7.4)	18.5
Leases / exchange differences	(8.2)	(41.1)
Movement in net debt	(15.6)	(22.6)
Net debt at 1 January	(60.0)	(37.4)
Net debt at 31 December (reported basis)	(75.6)	(60.0)
Lease liabilities (under IFRS 16)	48.7	41.3
Net debt (pre-IFRS 16)	(26.9)	(18.7)



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Liquidity

- Total bank facilities of £255 million – of which £230 million are committed
- No intention to renew the £90 million short-term RCF facilities
- Strong cash generation in HY2 – OCF: EBITDA of 93.6% in H2 2020
- Reported net debt of £75.6 million at 31 December 2020
- Pre-IFRS 16 net debt of £26.9 million at 31 December 2020
- Significant headroom against facilities and bank covenants
- Significant capacity to fund organic investment and selective acquisitions
- EBITA : interest charge – 6.3 times (pre-IFRS 16 – 9.0 times)
- Net debt: EBITDA – 1.3 times (pre-IFRS 16 – 0.6 times)
- Gearing – 26.3% (pre-IFRS 16 – 9.3%)

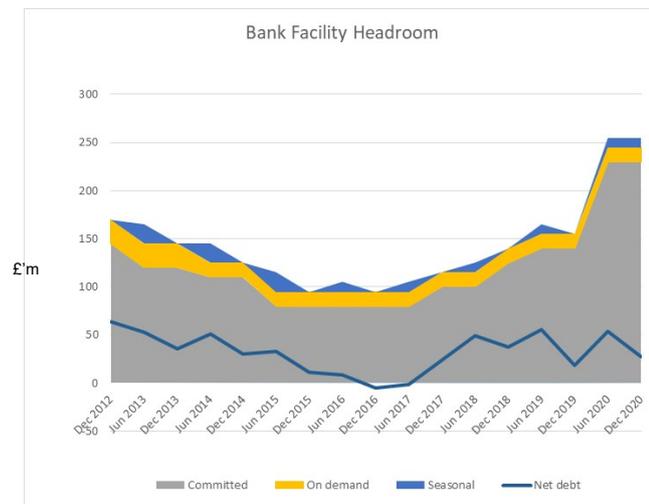
Significant facility headroom and a flexible capital structure



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Significant borrowing facilities available

Expiry date	Facility £m	Cumulative facility £m
Committed facilities:		
Q3 2024	35	35
Q1 2024	25	60
Q3 2023	20	80
Q2 2023	20	100
Q4 2022	20	120
Q3 2021	20	140
Q2 2021	90	230
On demand facilities:		
Available all year	15	245
Seasonal (February to August inclusive)	10	255

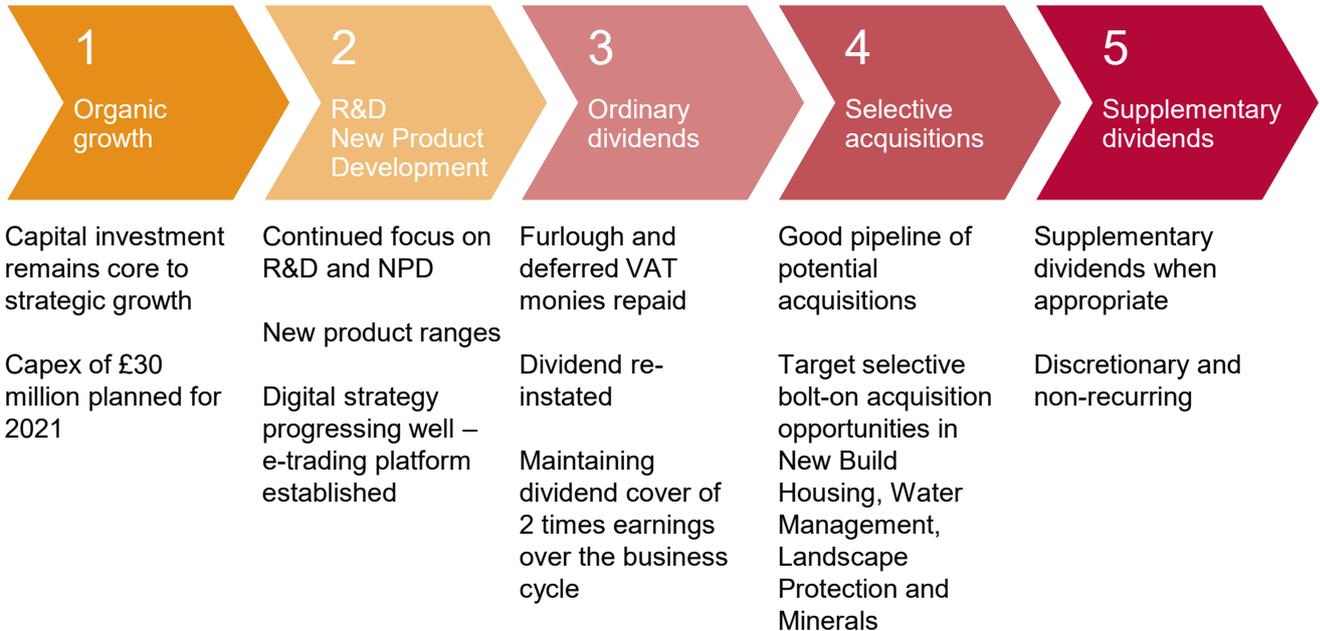


- Bank facilities actively managed to maintain flexibility
- Balance of committed and uncommitted facilities
- Increase in committed facilities during the period
- Facilities comfortable against headroom
- Good comfort against covenants



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Capital allocation policy



Capital investments remain core to sustainable growth



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Capital discipline maintained

	2020	2019	2018	2017	2016
Debtor days	41	36	43	41	39
Creditor days	56	55	61	58	56
Inventory turn (times per annum)	2.9	3.3	3.4	3.3	3.3
Liquidity ratio (pre-IFRS 16) (current assets: current liabilities)	2.0	1.4	1.5	1.6	1.6
ROCE (pre-IFRS 16)	8.9%	23.7%	21.9%	20.8%	23.0%
ROCE (reported)	8.2%	21.4%	21.9%	20.8%	23.0%
Gearing (pre-IFRS 16)	9.3%	6.3%	14.0%	10.2%	N/A
Gearing (reported)	26.3%	20.3%	14.0%	10.2%	N/A
Net (debt) / cash (pre-IFRS 16)	£(26.9)m	£(18.7)m	£(37.4)m	£(24.3)m	£5.4m
Net (debt) / cash (reported)	£(75.6)m	£(60.0)m	£(37.4)m	£(24.3)m	£5.4m
Net assets	£287.8m	£295.8m	£266.7m	£237.6m	£217.1m

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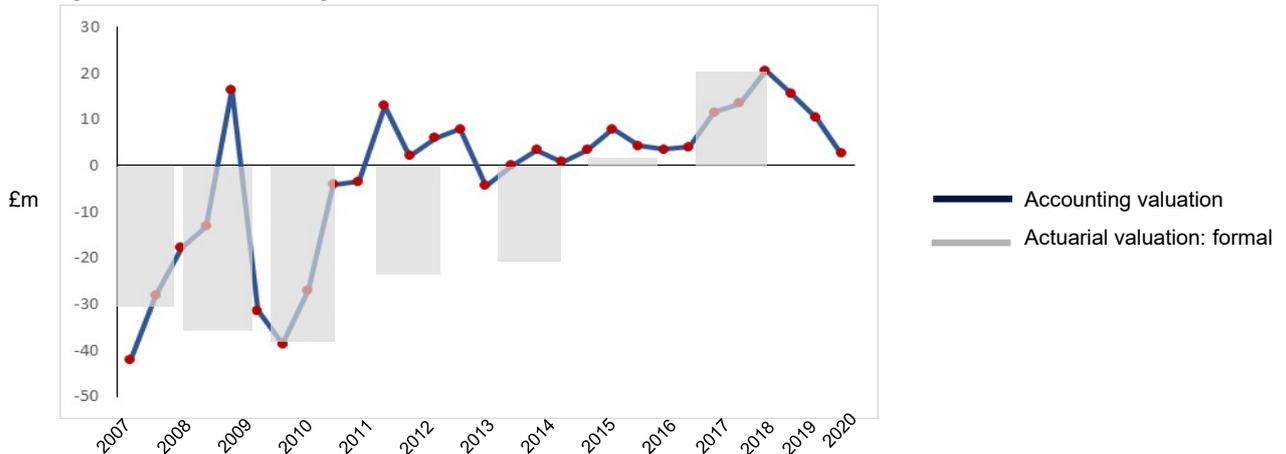
Pensions

Balance Sheet

- Company contributions to Defined Benefit Scheme reduced to zero under the agreed Recovery Plan
- Surplus of £2.7 million at 31 December 2020 (31 December 2019: surplus of £15.7 million)
- Main driver of decrease in the surplus is the reduction in corporate bond yields
- Strong asset performance and LDI investment portfolio has partially offset the increase in liabilities

Income Statement

- Scheme closed since 2006 to future accrual
- Net service cost: £0.3 million debit (2019: £0.6 million debit)
- Looking to “transfer out” long term





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Dividends

- Re-instatement of final dividend: 4.30 pence (2 times covered by earnings)
- Dividend payable on 1 July 2021, subject to shareholder approval at the AGM
- Policy remains to maintain a progressive dividend policy
- Objective to target 2 times cover over the business cycle
- Supplementary dividends will remain discretionary and non-recurring
- Board will continue to adhere to the Group's capital allocation policy



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The Market

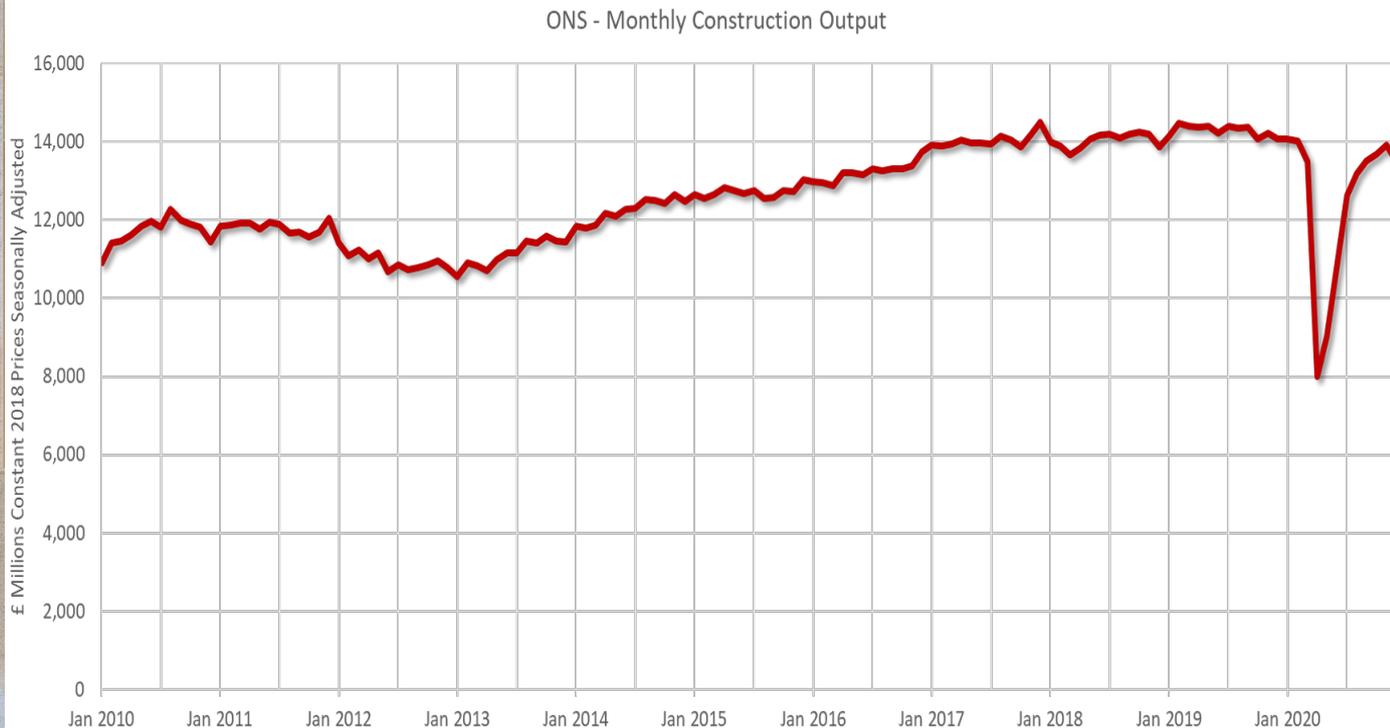
**Full Year
2020 Results**





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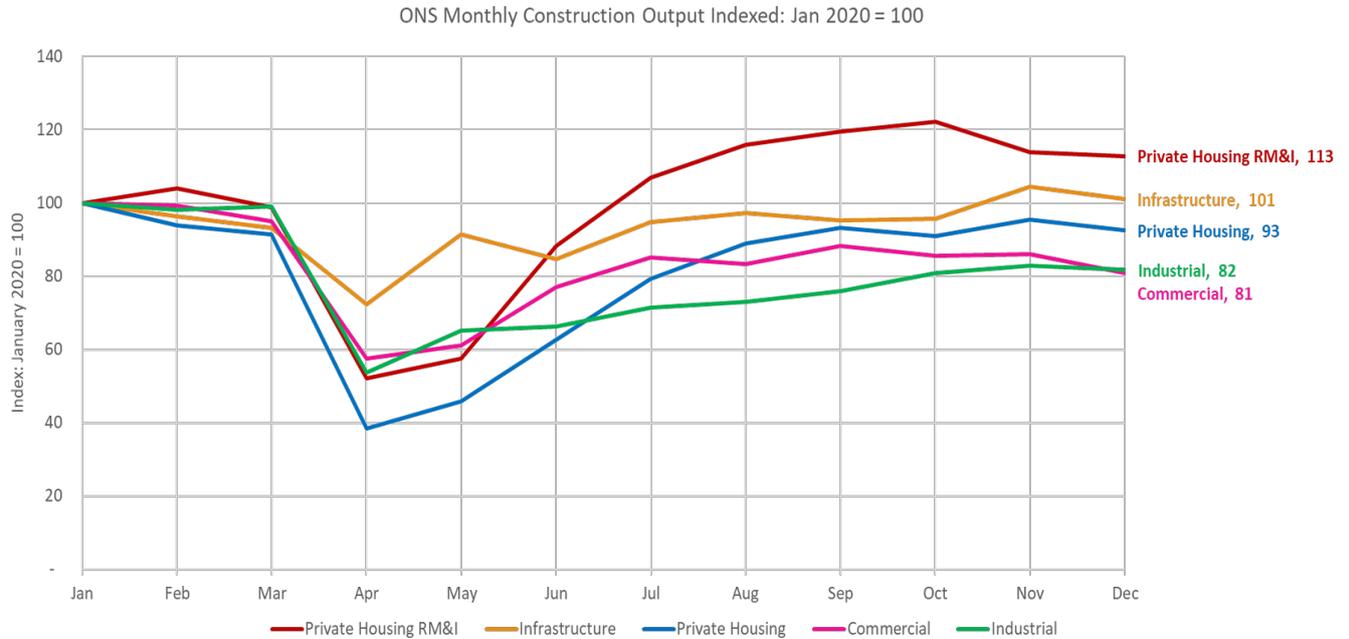
V-shape construction recovery so far ...





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... for some sectors



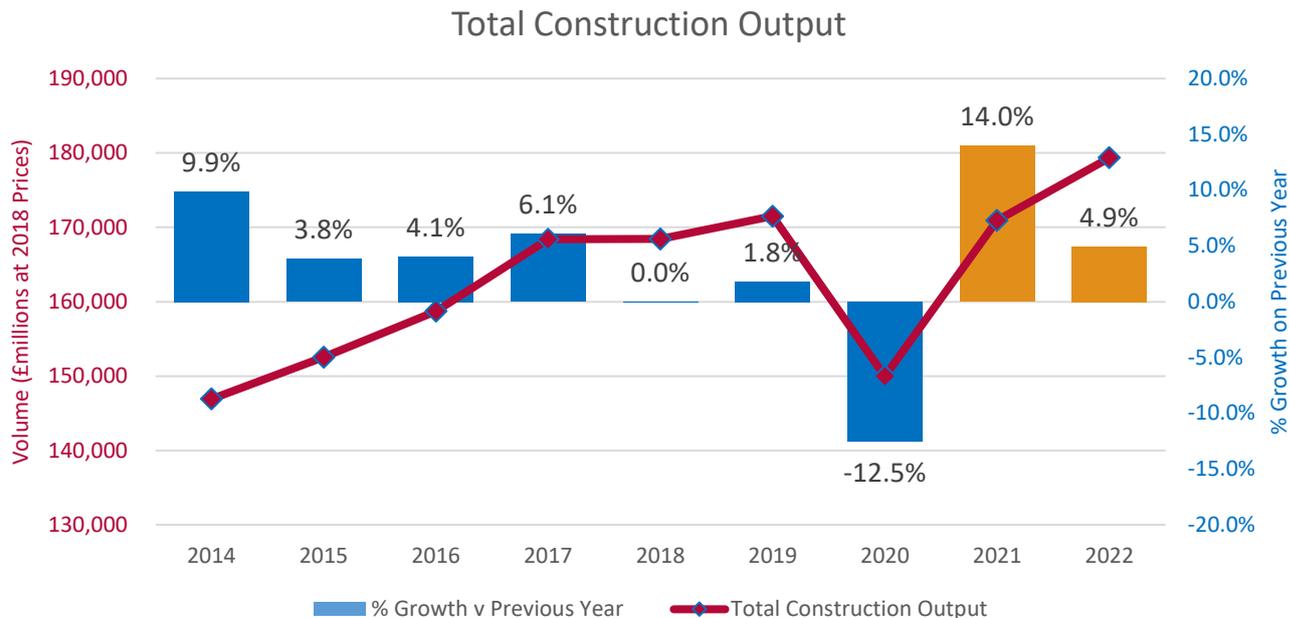


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CPA Total Construction Output

Chain Linked Volume – 2018 prices (Forecast: CPA % Growth on ONS Construction Output Values)

CPA 2021 £20.9bn (14.0%)

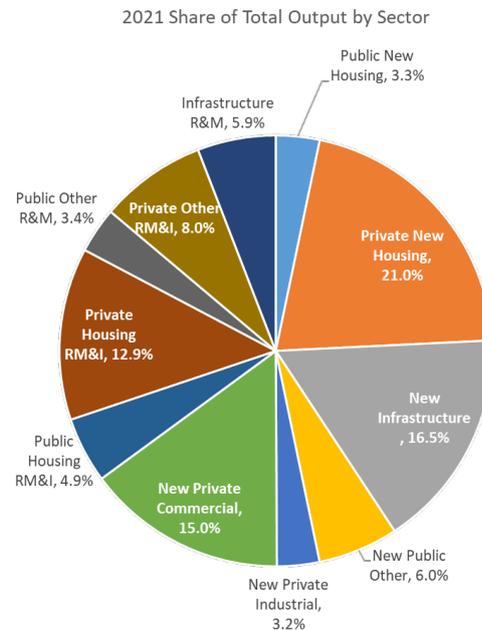
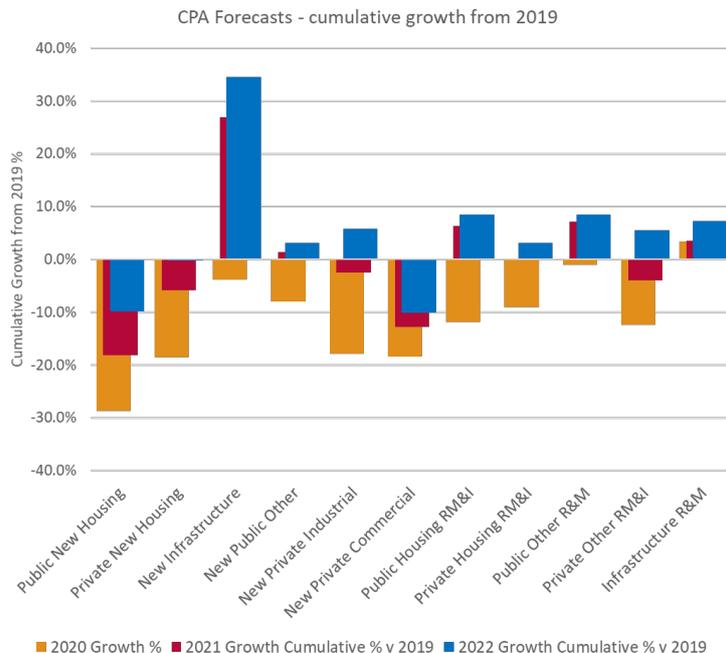




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CPA cumulative growth forecasts

Chain Linked Volume – 2018 prices (*Forecast: CPA % Growth on ONS Construction Output Values*)

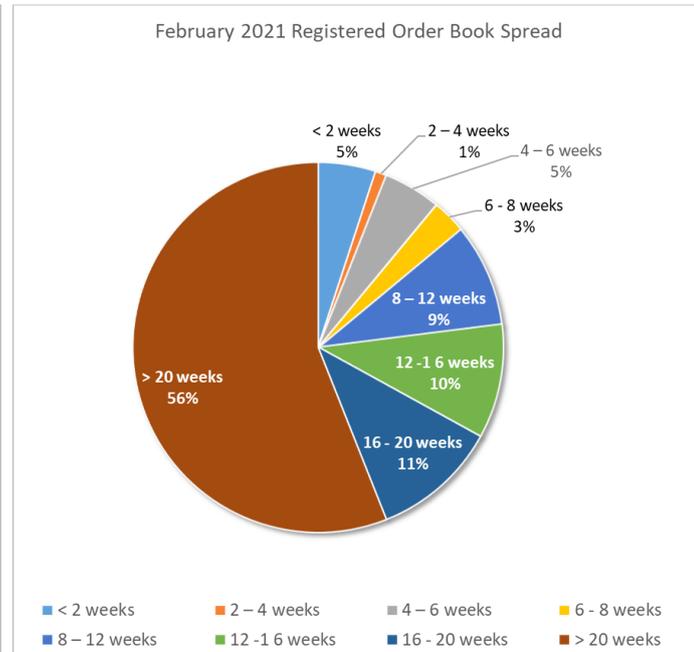
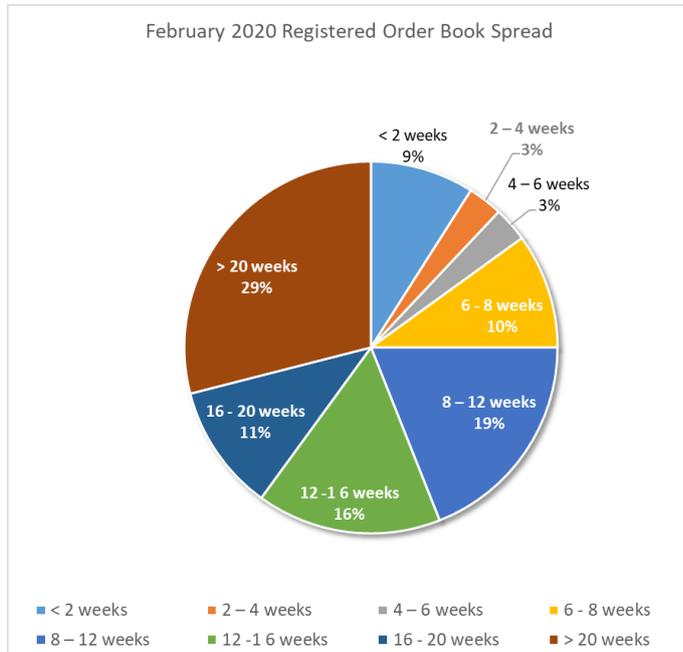




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Registered installer order books spread

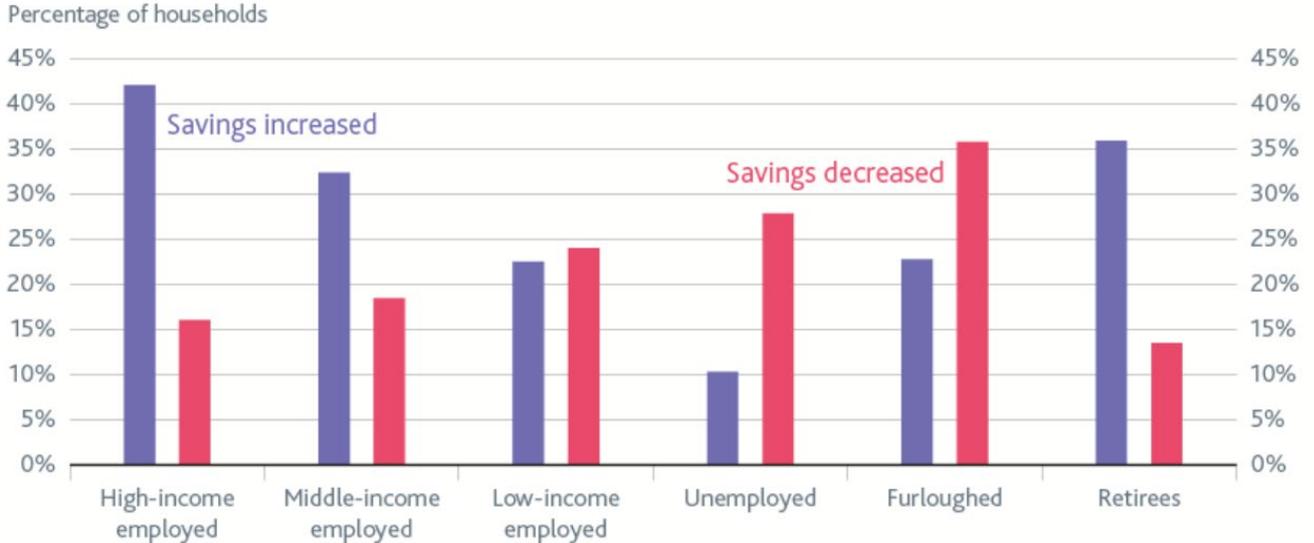
c11 weeks / 13 weeks  c12 weeks / 17 weeks



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Who is saving?

Higher-income households and retirees are more likely to have increased savings during COVID-19

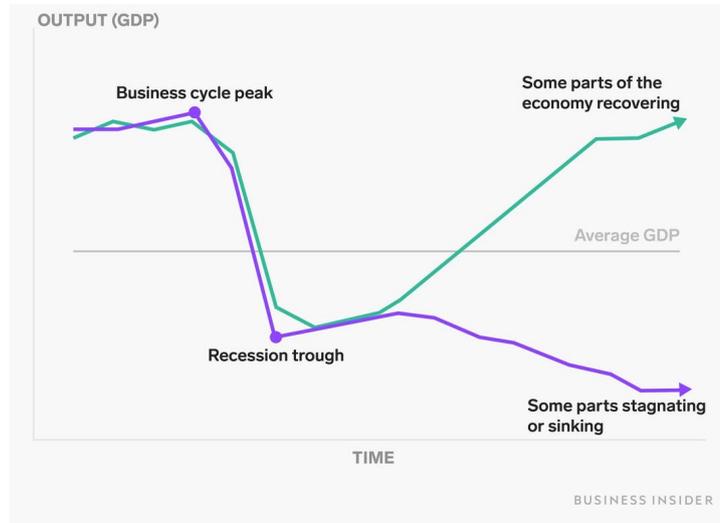


Source: 2020 H2 NMG Household Survey & Bank Calculations: [How has Covid affected household savings? | Bank of England](#)



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K shaped recovery: Marshalls core consumers





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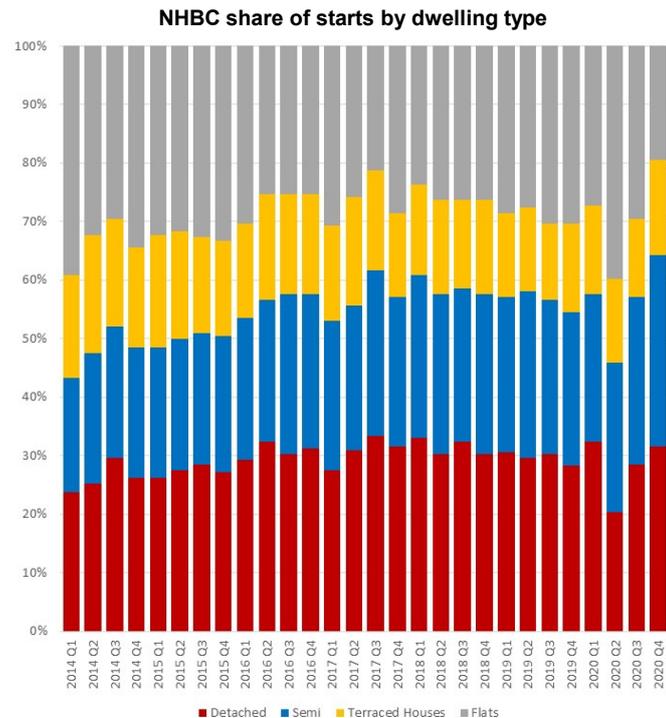
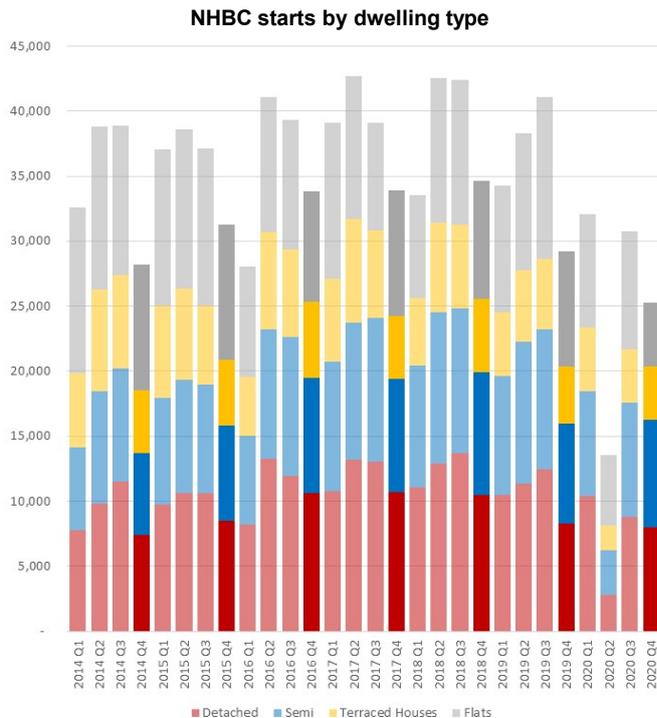
Strong UK housing market fundamentals





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NHBC starts by dwelling type – quarterly





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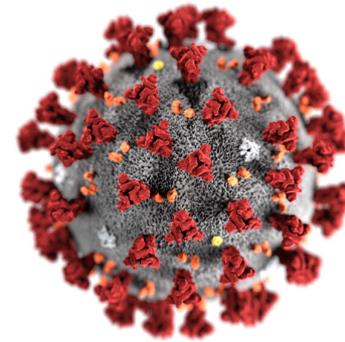
**Business
Strategy**

**Full Year
2020 Results**





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Our goal is to be the UK's leading manufacturer of products for the built environment

Supplying a comprehensive range of products for our chosen Market Sectors





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Brand preference for product specification



The Strand & Aldwych, London
May 2018

1. Raised lawn
2. Planted area
3. Activity zone
4. Flexible open space, pedestrian only
5. New crossing points



6. Improved links to surrounding areas
7. Dedicated pedestrian and cycle zone
8. Protective street furniture
9. Pocket square out St Clement Danes
10. Improved pedestrian crossings

Battersea Power Station
'2016' Specification





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New product development

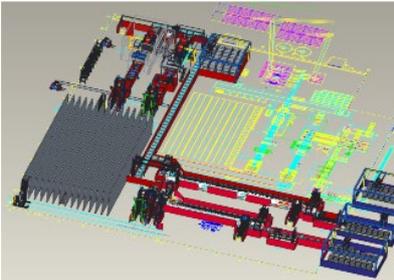


Containing up to 65% recycled material content, Conservation X is manufactured in mainland UK and is a unique blend of natural crystalline aggregates that are uniquely exposed to achieve a contemporary, granite-look finish.



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Operational excellence – £20 million block plant



CIRCA. £20 MILLION INVESTMENT INCORPORATING THE LATEST ADVANCED TECHNOLOGIES GENERATING AN ADDITIONAL VALUE ADDED PRODUCT CAPACITY

DESIGNED TO MANUFACTURE WALLING, BLOCK PAVING AND PAVING SIMULTANEOUSLY DOUBLING THE OUTPUT WITH THE SAME LABOUR AS A SINGLE PLANT



UNIQUE INLINE SECONDARY PROCESSING CAPABILITY DESIGNED AS A SINGLE MACHINE REPLICATING THE FINISHES OF 5 INDIVIDUAL MACHINES

CREATES MULTIPLE PRODUCT COMBINATIONS FROM 1 PRIMARY PRODUCT

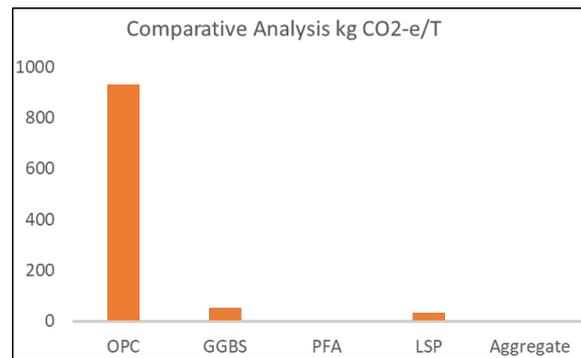
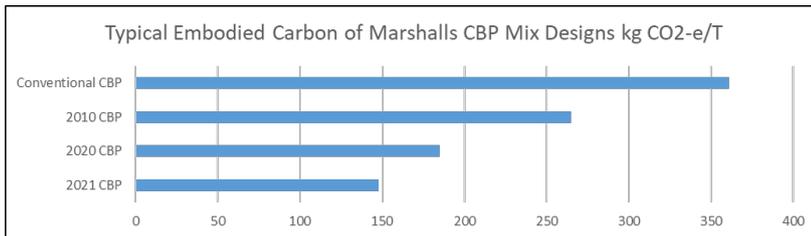


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Sustainable materials supply strategy



Research & Development trials on cement free products underway.



Comparative data of kg embodied carbon of Ordinary Portland Cement (OPC) against ground granulated blast furnace slag (GGBS), pulverised fuel ash (PFA), limestone powder (LSP) and our standard aggregate used.



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Logistics excellence



Euro 6 standards impose the toughest vehicle emissions limits yet, pushing the boundaries of emissions technologies to produce ever-lower levels of the exhaust pollutants that impact air quality.

Standard	CO (g/kWh)	NO _x (g/kWh)
Euro V	1.5	2.0
Euro VI	1.0	1.2



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Digital transformation



Argent® Smooth Paving

A blend of high quality granite aggregates, providing a modern finish. The ultimate in contemporary cool.

From **£65.57** per m²



Argent® Coarse Paving

A contemporary concrete paving that brings together a blend of granite aggregates to create a smart, sophisticated and modern finish.

From **£58.27** per m²



Heritage® Paving

Cast from original split stone flags with mason fettled edges. A popular and versatile paving choice.

From **£52.98** per m²



Perfecta® Paving

Offering a smooth, ground terrazzo look at an affordable price.

From **£39.03** per m²



Firedstone® Paving

★★★★★ (3)
Moulded from original flame treated and mason fettled Yorkstone. All the charm of natural stone and the durability of concrete.

From **£35.16** per m²



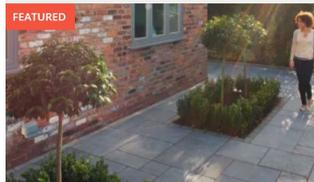
Organa® Paving

Subtle colours and natural styling designed to complement a modern landscaping design.

From **£33.52** per m²

Do It Yourself - How to

From landscaping to creating your brand new driveway, learn all the techniques and gain knowledge in order to start your new project.



DO IT YOURSELF - HOW TO

How to clean your patio

DARIUS NEGAHBANI



DO IT YOURSELF - HOW TO

How to lay sandstone paving

DARIUS NEGAHBANI



DO IT YOURSELF - HOW TO
How to Lay a Patio on Sand

DARIUS NEGAHBANI



DO IT YOURSELF - HOW TO
How to cut paving slabs

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DO IT YOURSELF - HOW TO
5 steps to planning your front garden

MARSHALLS PLC



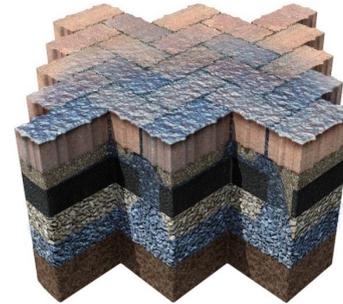
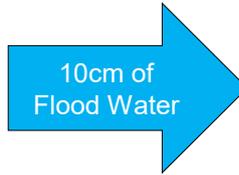
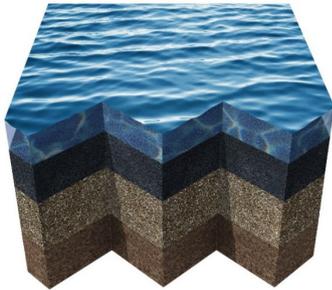
DO IT YOURSELF - HOW TO
How to mix cement to make Mortar or Concrete

DARIUS NEGAHBANI

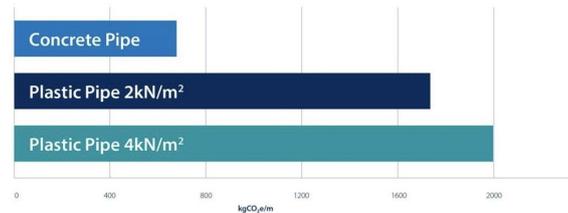


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Marshall's Civils & Drainage



192
Olympic
swimming
pools



Concrete pipeline systems have a lower whole life carbon footprint than plastic pipelines. For DN2100 pipes where plastic resin is sourced from outside the EU, concrete pipelines have less than half the carbon impact.



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Marshall's Bricks & Masonry

The size of the opportunity



The concrete brick environmental performance



The impact of making the switch





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Marshall's Landscape Protection



Requiring just a 50mm excavation depth, the **RhinoGuard® Ultra Shallow 50™** bollard series has been successfully crash tested on both a typical footpath installation, and cycle segregation foundation. The bollard series successfully performs in both environments, immobilising the vehicle and achieving a stopping distance of only 1.1m.

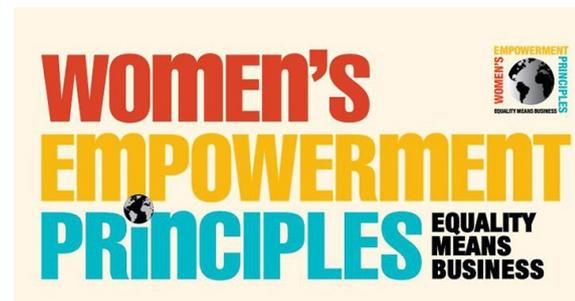
The **RhinoGuard® Steel GateKeeper®** provides temporary protective measures, requires no anchorage in any form and can be quickly deployed across all surfaces without relying on kerbs or structural aids.





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Committed to people and talent development



We have 99 apprentices within Marshalls all working towards different qualifications, some at Degree level across many different functions including Finance, Digital and IT, Marketing, Engineering, Sales and Business Management.





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ESG sustainability: set in stone

50% reduction in Carbon since 2008

2000 ISO14001 for environmental management

2004 Carbon Reporting started

2006 Joined the ETI

2008 Product Carbon Footprinting

2009 Signatories of the UNGC

2010 CDP Disclosures

2011 Responsible Sourcing BES6001

2013 FairTax Mark Accreditation

2014 Living Wage Foundation

2016 Made in Britain Membership

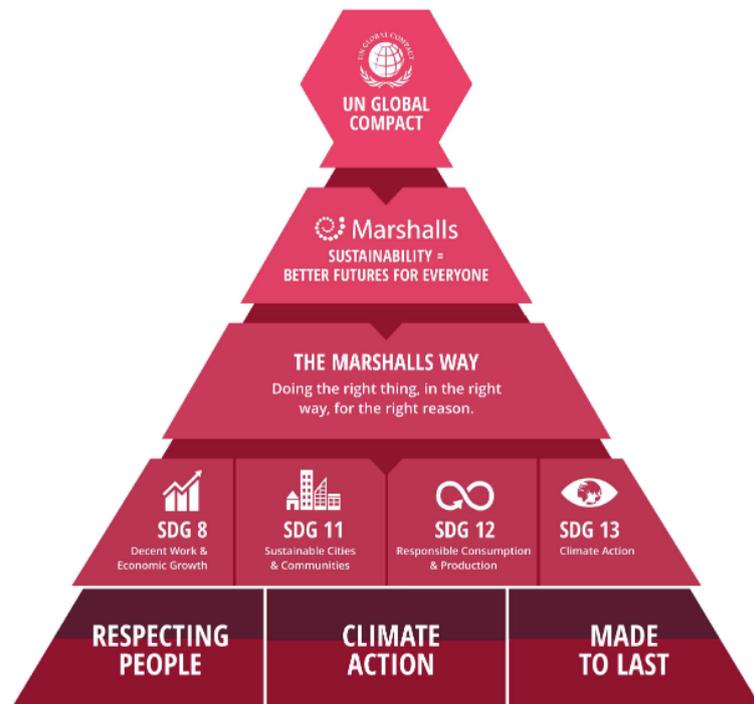
2017 Ethical Labour Standard BES6002

2019 Social Mobility Pledge

2020 SBTi Approved Carbon Reduction plan

Repaid Government Furlough

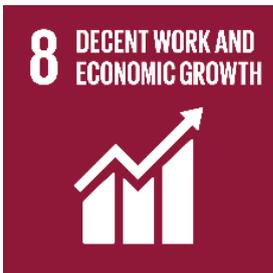
2021 Signatories of Women's Empowerment Principles





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The sustainable development goals



- **100%** of natural stone products now have Ethical Risk Index scores
- **100%** of employees paid at or above the Living Wage Foundation level



- **100%** of concrete & natural stone products are now fully recyclable
- In the last 5 years our permeable paving has prevented 322,000 cubic metres of flood water equivalent to **192** Olympic swimming pools



- **60%** cement replacement in block paving
- Plastic consumption down by over **30%** since 2013
- **97%** of All products are made in Britain

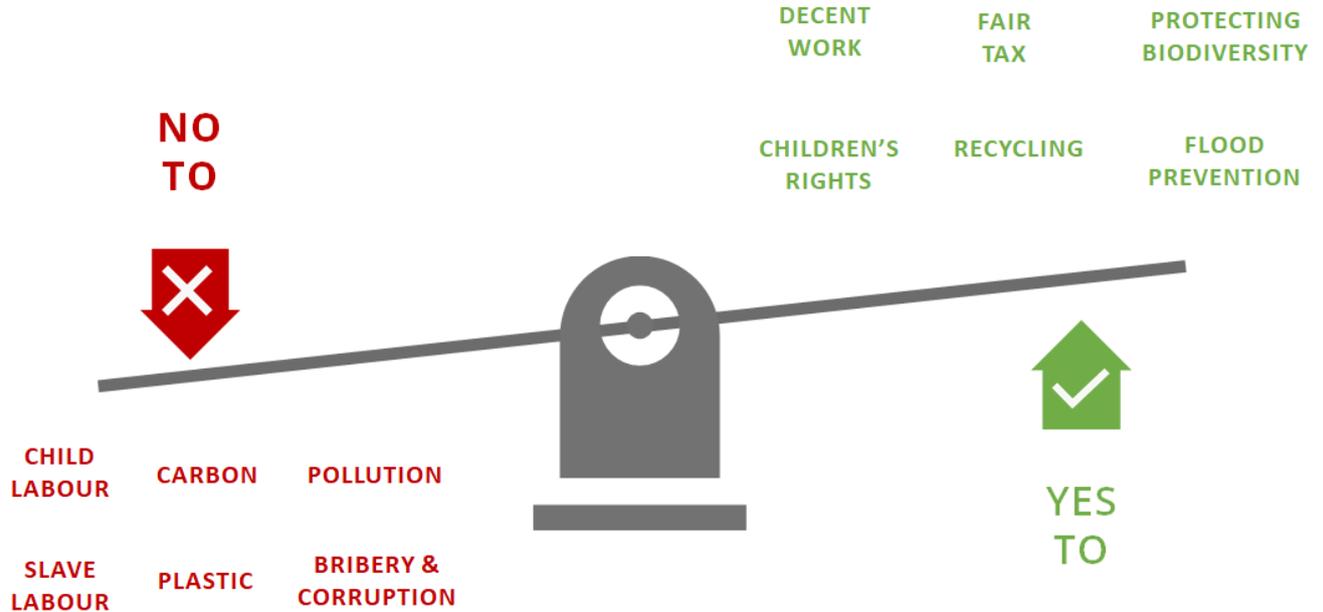


- **30%** total reduction in carbon in the last 5 years and over 50% since 2008
- SBTi targets for 2030 to reduce scope 1 and 2 greenhouse gas emissions **40%** per tonne of production by 2030



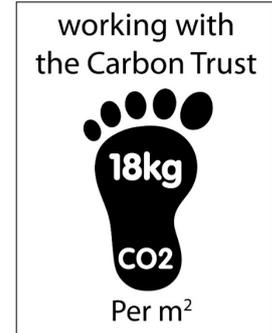
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Respecting people: climate action: made to last





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SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION





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Summary

- Financial flexibility – strong balance sheet
- Significant headroom against facilities
- Strong cash generation has continued
- Full repayment of furlough and deferred VAT
- New Build Housing, Road, Rail and Water Management remain attractive markets
- Domestic end market strong – installer order books at 12.2 weeks
- Capital investment to drive growth
- Focus on research and development
- Strong balance sheet – capacity for acquisitions
- ESG embedded throughout the business, 50% Carbon Reduction since 2008, and SBTi targets set
- Well placed to deliver continued growth and operational profit improvements
- Maintaining a 2 times dividend cover policy, supported by supplementary dividends

The 5 year Strategy will drive growth and shareholder returns



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Appendices

Full Year
2020 Results



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Sales analysis

Analysis of sales by end market	2020			2019			Change	
	HY1 £'m	HY2 £'m	Full year £'m	HY1 £'m	HY2 £'m	Full year £'m	HY2 %	Full year %
UK Domestic	58.1	70.6	128.7	76.5	64.6	141.1	9	-9
Public Sector and Commercial	134.8	174.7	309.5	188.2	185.6	373.8	-6	-17
International	17.6	13.7	31.3	15.4	11.5	26.9	18	16
	210.5	259.0	469.5	280.1	261.7	541.8	-1	-13
	%	%	%	%	%	%		
Domestic	27.4	27.2	27.4	27.3	24.6	26.0		
Public Sector and Commercial	64.2	67.5	65.9	67.2	71.0	69.0		
International	8.4	5.3	6.7	5.5	4.4	5.0		



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Construction Products Association

£m / % change	2018 Actual	2019 Actual	2020 Estimate	2021 Scenario	2022 Scenario
Housing					
	42,291	44,890	36,101	41,660	44,386
	4.4%	6.1%	-19.6%	15.4%	6.5%
Other new work					
	62,275	67,278	58,523	68,720	71,777
	-3.3%	0.0%	-13.0%	17.4%	4.4%
Repair, maintenance and improvement					
Private housing	22,046	22,077	19,529	21,500	22,145
	-0.2%	0.1%	-11.5%	10.1%	3.0%
Total	58,859	59,324	52,393	57,270	59,736
	0.9%	0.8%	-11.7%	9.3%	4.3%
Total all work	168,425	171,492	147,017	167,650	175,899
	0.0%	1.8%	-14.3%	14.0%	4.9%

Note: Figures taken from the latest CPA Winter Forecast (main scenario)



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Key financial metrics

	2020	2019
Interest:		
Charge	£4.7m	£3.8m
Cover*	5.8 times	19.2 times
EPS*	8.60p	29.36p
Weighted average number of shares	198.6m	198.4m
Net asset value	£287.8m	£295.8m

Note:

* Before operational restructuring costs and asset impairments



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Net assets

	£m
2019 YE net assets	295.8
Impact of movements in the period:	
Profit for the financial period	2.4
Actuarial movement on pensions (after tax)	(10.6)
Hedging reserve	(0.3)
Share-based payments (after tax)	3.2
Purchase of own shares	(2.7)
Foreign currency translation differences / other	(0.2)
Non-controlling interest	0.2
	(8.0)
2020 YE net assets	287.8



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