

## DISCLOSURE NOTES

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PAST PERFORMANCE IS NEITHER INDICATIVE NOR A GUARANTEE OF FUTURE RESULTS. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

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Q2 | 2022

# What Matters Now: Investing Through the Fog of War and Other Uncertainties

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# HIGH-CONVICTION INVESTING

## Focused All Cap

(period ending March 31, 2022; inception January 21, 1993)

	Quarter-to-Date		1 Year		3 Years*		5 Years*		10 Years*		Since Inception*	
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
<b>ARS Focused All Cap (gross of fees)</b>	-3.02%	21	14.32%	18	23.12%	1	17.75%	1	13.08%	63	12.36%	1
<b>(net of fees)</b>	-3.28%	—	13.11%	—	21.83%	—	16.51%	—	12.06%	—	11.44%	—
<b>Russell 3000</b>	-5.28%	52	11.92%	41	18.24%	23	15.40%	25	14.28%	19	10.43%	66

Performance rankings from Informa PSN are shown on a gross-of-fees basis.

\*Performance numbers are annualized for all time periods over 1 year. Index information is provided for illustrative purposes only. Indices are unmanaged, do not incur expenses and are not available for direct investment. See Disclosure Notes.

## MARKET UNCERTAINTY POST COVID IN THE FOG OF WAR

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*The war in Ukraine could not have come at a worse time for the global economy—when the recovery from the pandemic-induced contraction had begun to falter, inflation was surging, central banks in the world’s largest economies were gearing up to hike interest rates, and financial markets were gyrating over a formidable constellation of uncertainties. The war has aggravated those uncertainties in ways that will reverberate across the world*

**- Brookings Institute**

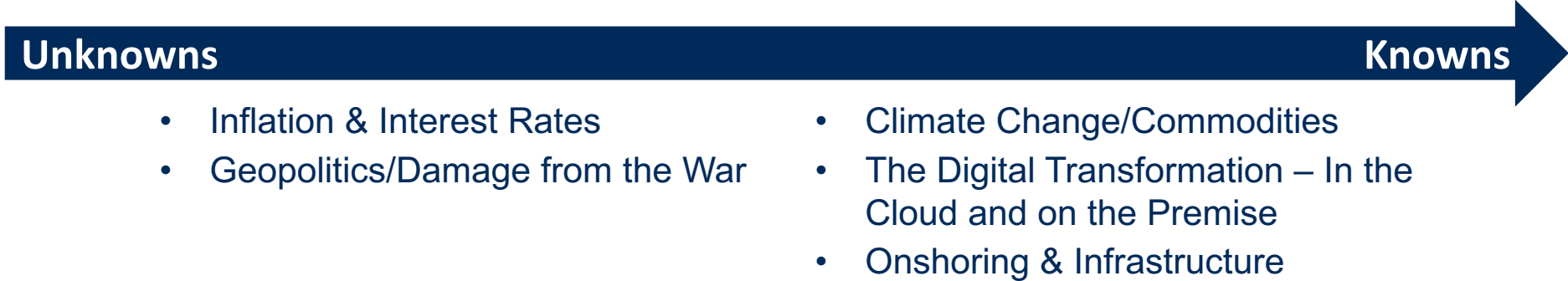
*Trade wars...a few years ago and shortly thereafter, you have COVID...[which] created all sorts of traumas, as everyone is very well aware. In the middle of COVID, you start to have chip shortages. Chip shortages turn into oversea logistic issues, and you see both stacking up in Long Beach and every other port. Now, we have not trade war, [but] war. So, it seems like there's just more and more churn in the global manufacturing markets*

**- CFO of Flextronics**

**At ARS, we are in the fortunate seat of being able to monitor top-down and bottom-up perspectives to give us a holistic view of the economy and markets**

# ASSESSING THE KNOWN VS. THE UNKNOWN

We must invest in what we know while attempting to avoid losses by navigating the unknowns



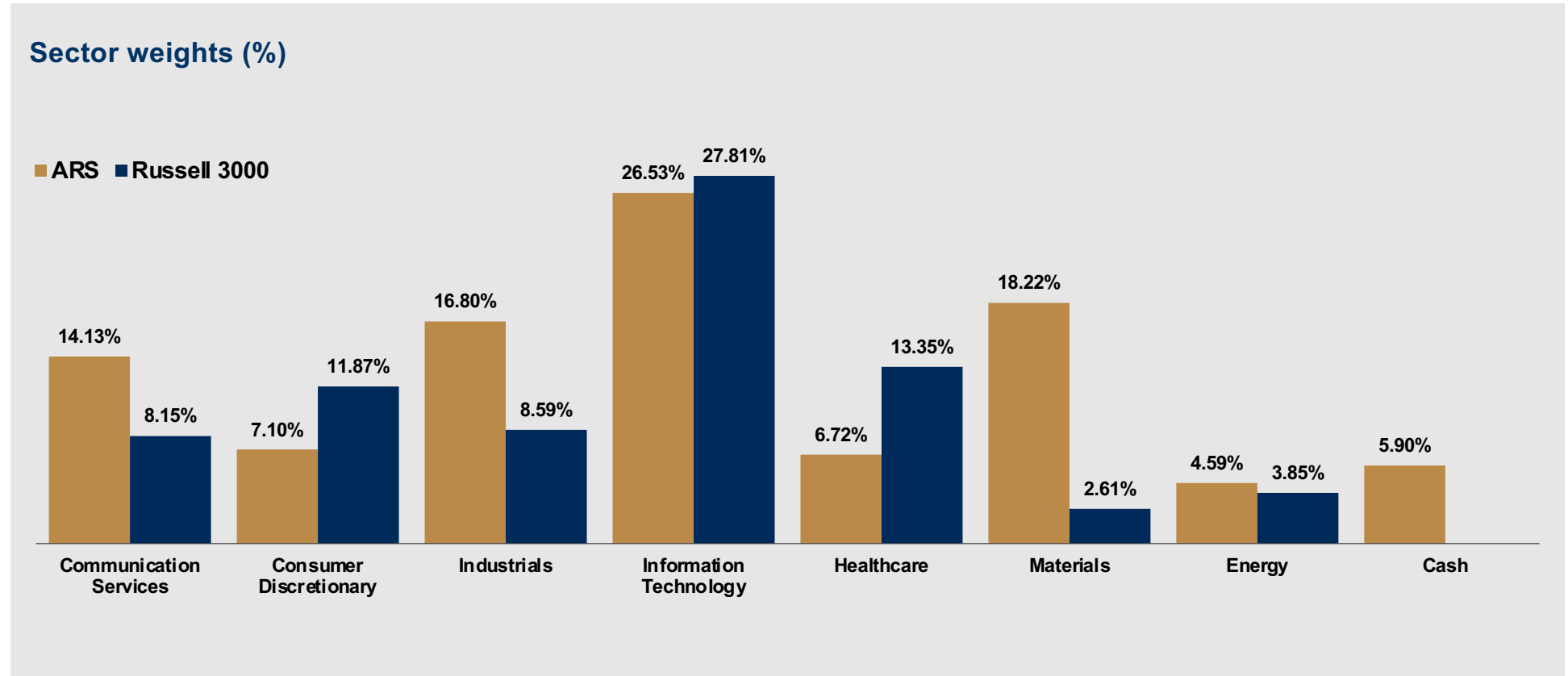
Many of the Unknowns are in the short-term while most of the Knowns are longer-term, hence our long-term investment horizon



# HIGH-CONVICTION INVESTING

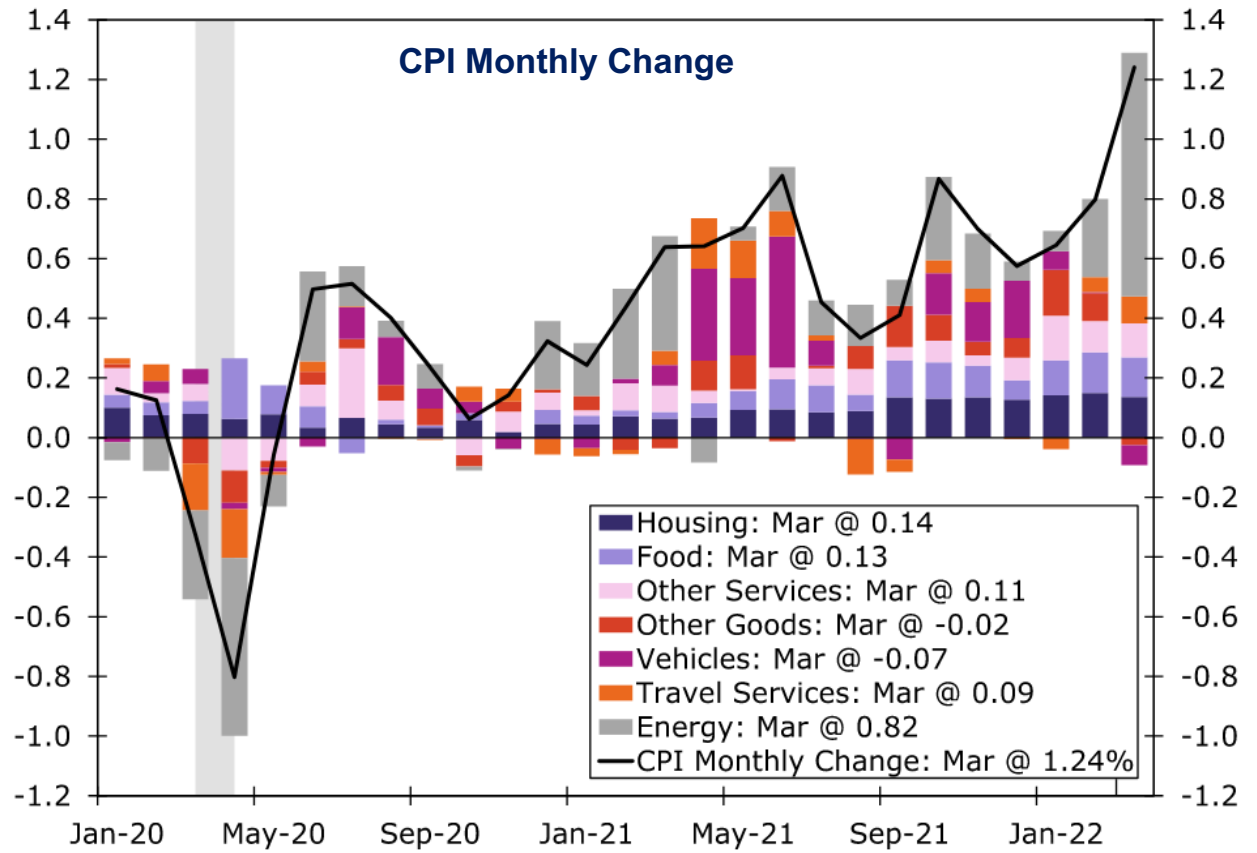
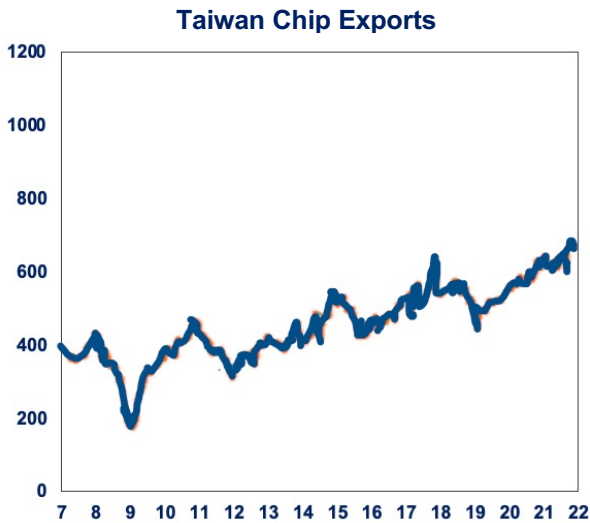
## Focused All Cap

(period ending March 31, 2022; inception January 21, 1993)



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# INFLATION & INTEREST RATES



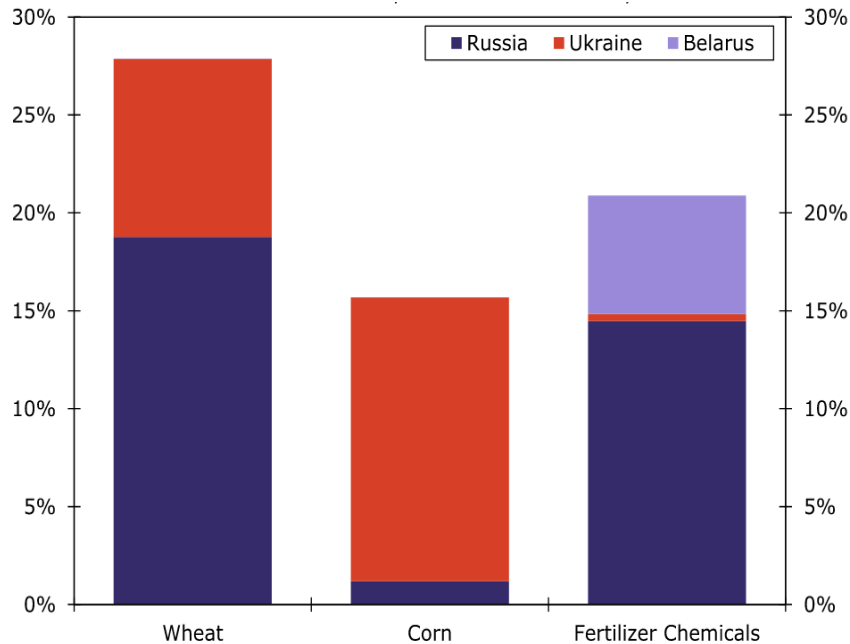
*Energy and food are the greatest contributors to near-term inflation while freight and semiconductor shortages continue to abate*

Sources: Wells Fargo Research, Piper Sandler

# GEOPOLITICS

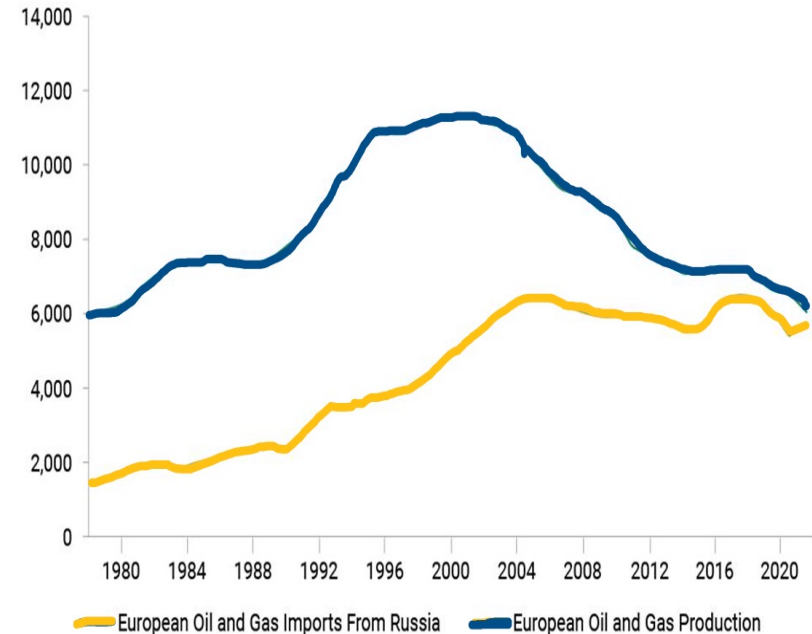
## Commodity Exposure to Ukraine Conflict

Share of World Exports of Each Commodity



## European Reliance on Russian Energy

Thousand Barrels per Day of Oil Equivalent



- The world is dependent on wheat, corn, and fertilizers from the conflict region
- Europe is heavily reliant on Russian oil, natural gas, and coal
- The 40 countries that opposed or abstained from the UN resolution condemning the war represent 20% of world GDP

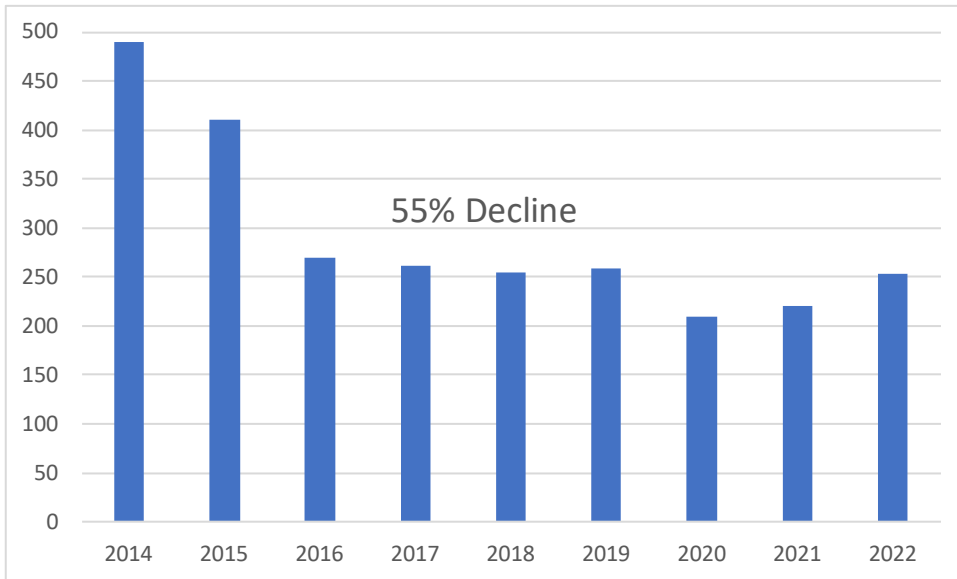
***A new line is being drawn between NATO and its allies and the rest of the world***

Sources: Wells Fargo Research

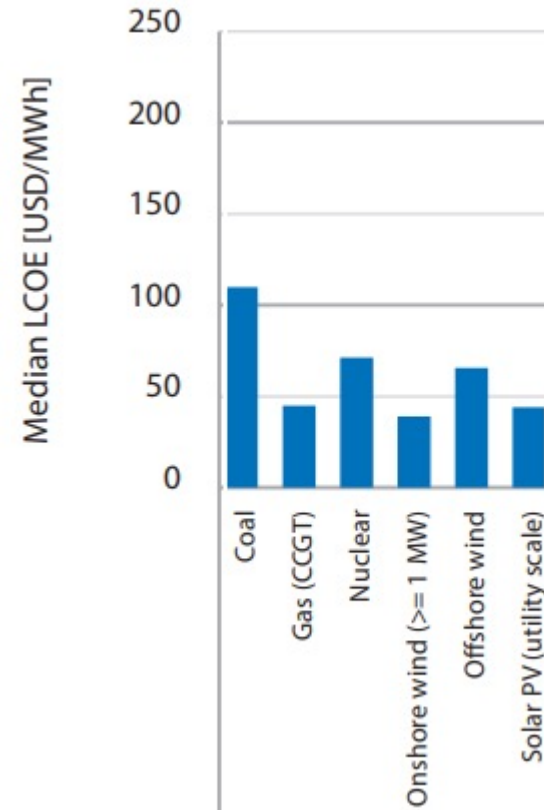


# CLIMATE CHANGE AND THE COMMODITIES THAT FUEL IT

## Energy Capital Expenditures



## Cost of Electricity Generating Capacity

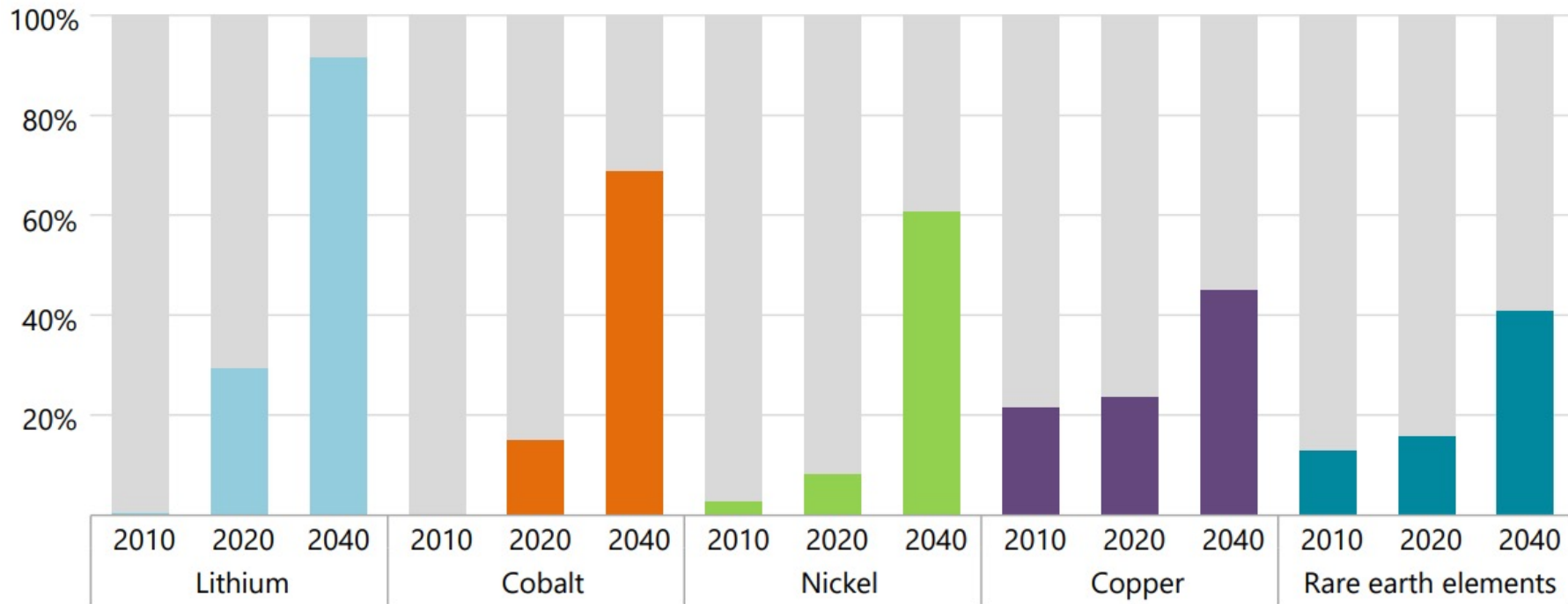


- *Massive reduction in capex means higher energy prices in the medium-term*
- *Low cost of utility-scale solar and wind means large-scale rollout in decarbonization*
  - *Significant demand from decarbonization for 'green commodities'*

Sources: IEA

## CLIMATE CHANGE AND THE COMMODITIES THAT FUEL IT (CONT'D)

### Share of Clean Energy in Total Demand for 'Green' Commodities



- *Massive reduction in capex means higher energy prices in the medium-term*
- *Low cost of utility-scale solar and wind means large-scale rollout in decarbonization*
  - *Significant demand from decarbonization for 'green commodities'*

Sources: IEA

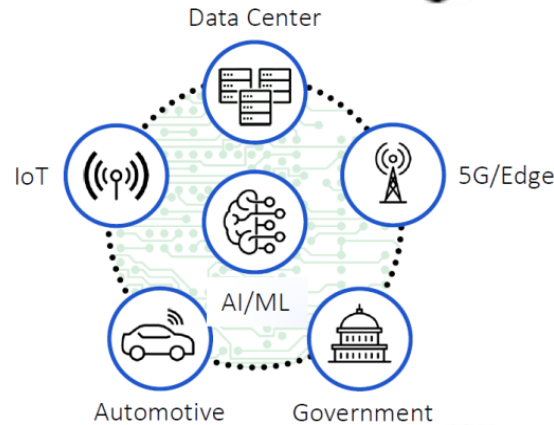
# DATA SUPERCYCLE

An autonomous car will generate 4,000 gigabytes of data per hour, the same as 3,000 people

Consumer video consumes 80% of internet traffic and will grow 22x by 2030

More data

Better algorithms generated



More IOT devices

Superior business outcomes

Cost of ransomware attacks has increased from \$325M in 2015 to \$20B by 2021

An oil well drill generates 1GB of data per second; offloading this to the cloud for real-time decision-making limits downtime which costs E&Ps \$1m/hour

Sources: ARS Estimates, Rambus Inc., McKinsey & Co

## ONSHORING & INFRASTRUCTURE

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- \$550 billion in infrastructure spending over 5 years: traditional infrastructure, broadband connectivity, and clean energy initiatives
- In recent survey of 709 US manufacturers, 83% are likely to re-shore production/operations
- GM to spend \$4bln to expand electric vehicle and battery production in Michigan
- Samsung to build \$17bln semiconductor plant in Texas

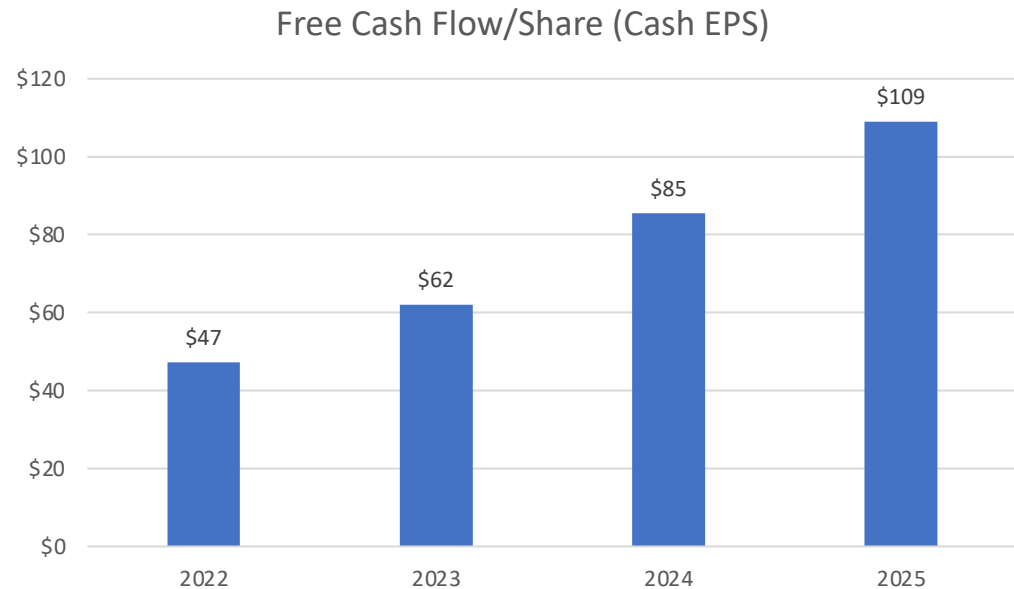
***Onshoring and infrastructure spending should result in a large increase in US manufacturing spending***

Sources: ARS Estimates, Company Releases

## DATA SUPERCYCLE: CHARTER COMMUNICATIONS

***Regional monopoly in broadband with significant invested capital in the group***

- ✓ *Pricing power in inflationary environment*
- ✓ *Limited cost pressure related to food, energy, freight or chips*
- ✓ *Significant secular growth in data*
- ✓ *Low earnings multiple in a rising interest rate environment*

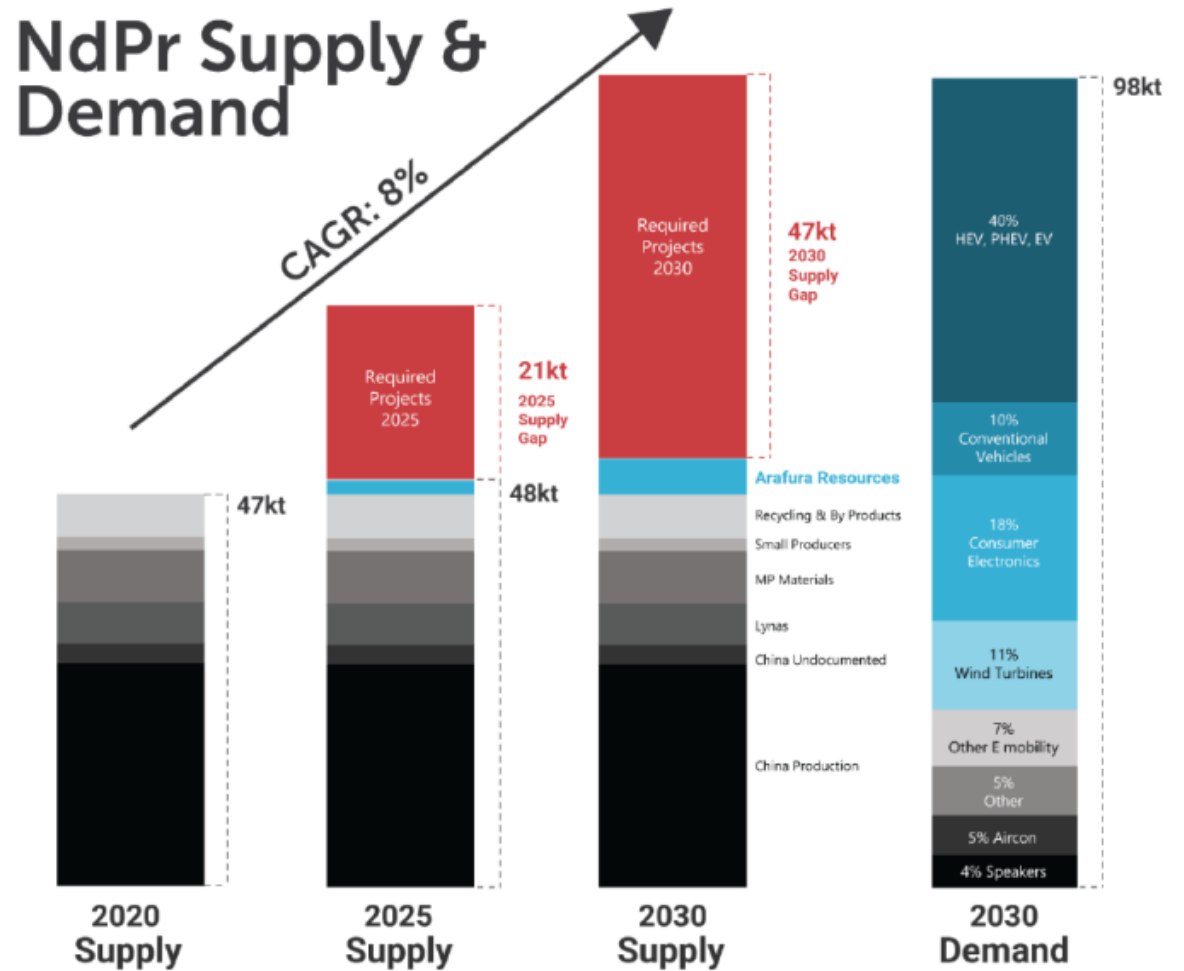


Sources: ARS Estimates, Company Releases

# ENERGY TRANSITION: MP MATERIALS

**Building the only US onshore Rare Earths supply chain for electric vehicles and alternative energy**

- ✓ Pricing power in inflationary environment
- ✓ Limited cost pressure related to food, energy, freight or chips
- ✓ Significant secular growth in climate change and onshoring
- ✓ Reasonable earnings multiple in a rising interest rate environment



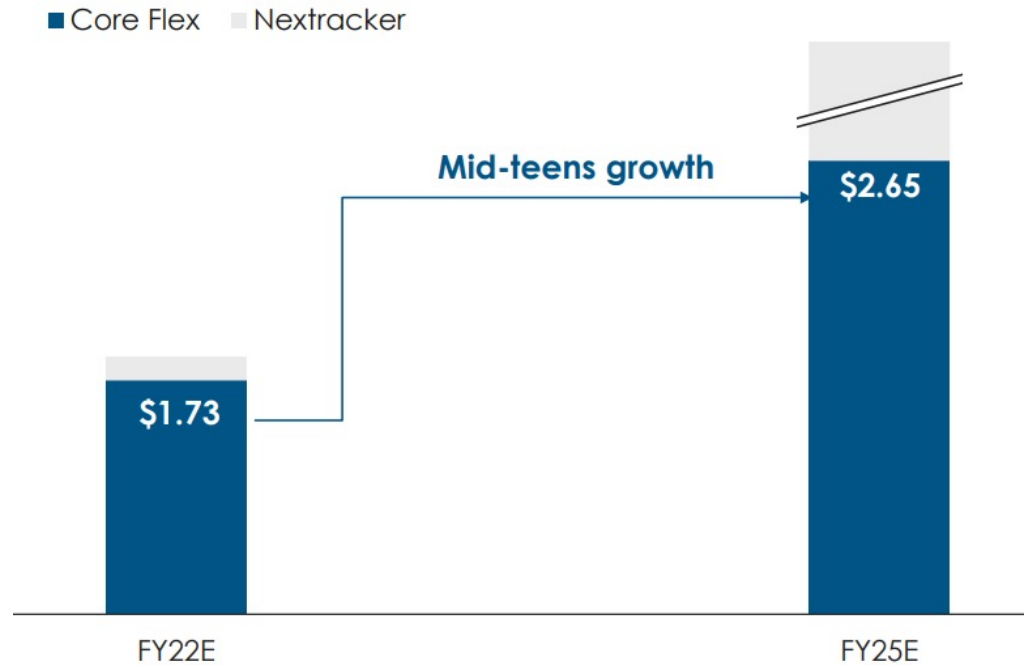
Sources: ARS Estimates, Company Releases

## ONSHORING & ENERGY TRANSITION: FLEXTRONICS

***Contract manufacturer with exposure to secularly-growing trends in onshoring with hidden asset in alternative energy***

- ✓ *Pricing power in inflationary environment*
- ✓ *Productivity enhancements from increased automation*
- ✓ *Significant secular growth in climate change and onshoring*
- ✓ *Reasonable earnings multiple in a rising interest rate environment*

### Adj. EPS Growth



Sources: ARS Estimates, Company Releases

# DISCLOSURE NOTES

## Past performance is not indicative of future results.

**Definition of the Firm** – ARS Investment Partners, LLC (“ARS”) was originally founded as A.R. Schmeidler & Co., Inc. in 1971 and is majority-owned by Artemis US Corporation. Artemis US Corporation is 100% owned by Artemis Corporation, an Ontario, Canada entity, which is in turn 100% owned by Artemis Investment Management Corporation, a financial services firm headquartered in Toronto, Ontario, Canada. Mr. Miles Nadal is the controlling shareholder of Artemis Investment Management Corporation. ARS is a registered investment adviser under the Investment Advisers Act of 1940. ARS Investment Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS Standards. ARS Investment Partners, LLC has been independently verified for the periods 1/1/2000 through 12/31/19. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Benchmark returns are not covered by the report of independent verifiers.

**Benchmark Definitions** – The Russell 1000® Value measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 3000® measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The Russell 3000® is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included. The S&P 500® includes 500 leading companies and covers approximately 80% of available market capitalization. The S&P Mid Cap 400® is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment. The S&P Small Cap 600® seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The Russell 2000® includes approximately 2,000 of the smallest securities based on a combination of their market capitalization and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The MSCI All Country World Index (ACWI) ex US® is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed (ex. US) and 26 emerging markets. It covers

more than 3,000 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market capitalization sizes, sectors, style segments and combinations. The Bloomberg Barclays Intermediate US Government/Credit Bond® is a broad-based flagship benchmark that measures the non-securitized component of the Bloomberg Barclays US Aggregate Index with less than 10 years to maturity. The index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related, and corporate securities. All Custom Blended Benchmarks are calculated by weighting the respective index returns on a monthly basis.

**Composite Definitions** – ARS Focused All Cap includes all fee-paying, discretionary institutional portfolios managed by ARS in a Focused All Cap strategy with an absolute return-oriented focus having a minimum initial portfolio size of \$5 million (amount lowered from \$10 million on 7/1/2010). The Focused All Cap strategy requires that equity, equity-like securities, and cash represent a target of 90% of the portfolio value. If a portfolio does not have at least 90% of its value in these assets, the portfolio will be removed from the composite for the entire period and will be included in the composite again if its allocation is aligned with the above parameters for one full period. The composite was created in January 2007. Effective 7/1/2010, the composite was redefined to include taxable accounts which had previously been excluded. Effective 1/1/17 a model fee of 1.05% was used to calculate net returns. Inception Date is 1/21/93. Management believes that the returns prior to 2000 are accurate, but due to a lack of firmwide client data, GIPS compliance cannot be claimed prior to 1/1/2000. ARS Core Equity includes discretionary institutional portfolios managed by the Firm and invests in companies with above-average dividend yields and strong balance sheets, typically with clear prospects for dividend growth. For periods prior to 1/1/17, the composite is made up of 100% wrap portfolios, which may include, but is not limited to broker, investment advisory, custodial, and administrative fees. As of 1/1/17, the composite began using non-wrap accounts. Also, as of 1/1/17, we no longer had any wrap accounts. The composite was created in October 2011. Effective 1/1/17 a model fee of 1.25% was used to calculate net returns. Inception Date is 3/7/11. ARS Focused Small Cap invests in companies with market capitalizations typically ranging from \$100 million to \$2.5 billion. The portfolio is long biased, aiming to control risk via cash levels, prudent shorts, inverse ETFs and option strategies. This composite was created in July 2018. Net returns are calculated using a 1.25% model fee. Inception Date is 3/31/17. ARS Focused ETF leverages our macro outlook by constructing a portfolio that utilizes ETFs to express our views. The strategy concentrates on sector, industry, and subindustry ETFs that we feel provide the greatest exposure to our highest conviction secular trends. A model fee of 0.70% is used to calculate net returns. Inception Date is 6/30/17. ARS Tactical Sector ETF Strategy: Balanced Composite leverages our investment philosophy and process, while providing a strategy that more closely tracks the benchmarks with limited turnover. This composite was created in December 2016..



## DISCLOSURE NOTES

The Strategy seeks a balance of current income and capital growth. The strategy strives for a 60/40 balance between equity and fixed income ETFs with a 25% variance. A model fee of 0.70% is used to calculate net returns. Inception Date is 1/31/14 ARS Tactical Sector Allocation Growth ETF leverages our investment philosophy and process, while providing a strategy that more closely tracks the benchmarks with limited turnover. The primary objective is capital appreciation and growth. This composite was created in December 2016. A model fee of 0.70% is used to calculate net returns. Inception Date is 1/31/14.

**Investment Management Fees** – The investment management fees that apply to the portfolio composites are as follows: Equity Accounts which include the ARS Core Equity, ARS Focused All Cap, ARS Focused Small Cap & ARS Tactical Asset Allocation (ARS Balanced Strategy & ARS Equity Strategy) – 1.25% per annum of the first \$1 million and 1.00% per annum of the next \$20 million and to be discussed thereafter; ARS Core Equity Account – 1.00% per annum, ETF Accounts which include the ARS Tactical Sector Allocation ETF Strategy: Growth Composite, ARS Tactical Sector ETF Strategy: Balanced Composite & ARS Focused ETF Strategy, ARS Fixed Income ETF Strategy & 0.70% per annum of the first \$5 million and 0.50% per annum of the next \$20 million and to be discussed thereafter; Institutional Accounts which include the ARS Tactical Asset (Balanced) Strategy– 0.80% per annum of the first \$25 million and 0.70% per annum of the next \$25 million and to be discussed thereafter. Fixed Income Accounts which include the ARS Core Fixed Income Strategy– 0.50% per annum of the first \$15 million and 0.35% per annum of the next \$15 million and to be discussed thereafter. The management fees for certain clients may differ from the above schedule because those clients' fees are grandfathered or because of relationships with the applicant or other accounts. For institutional accounts, certain asset or fee minimums may apply.

**Internal Dispersion** – Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of all portfolios in the composite for the entire year. Dispersion is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year. The Annualized 3-Year Standard Deviation is calculated using gross returns and not presented for composites with less than a 36-month return. Also, the standard deviation is not presented and not required, for periods prior to 2011.

**Basis of Presentation** – Rates of return presented are computed using a time-weighted rate of return methodology that adjusts for external cash flows. Total rate of return calculations includes realized and unrealized gains and losses, plus income, and cash and cash equivalents held. Gross performance returns are presented after transaction costs and before investment management fees and all operating costs. Net performance returns are presented after transaction costs and investment management fees that are reduced by a model management fee and before all operating costs. However, gross performance prior to 2017 for the ARS Core Equity Composite is presented as gross and net performance is actual investment management fees and after all operating costs and the gross returns are presented as supplemental information.

Operating costs include custodian and administrative fees. Additional information regarding policies for valuating investments, calculating performance, and preparing GIPS reports are available upon request. Performance results for periods of less than a year are not annualized.

Performance returns are in U.S. Dollars. Periodic returns are geometrically linked. The composite rates of return have been calculated within ARS Investment Partners, LLC. A complete list and description of the composites managed by ARS is available upon request.

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