



Q3 | 2023

What Matters Now: Investing for the Next Normal

October 31, 2023

HIGH-CONVICTION INVESTING

Defining the Next Normal

- **Higher for Longer Interest Rates**
- **Realignment of Global Alliances**
- **Reindustrialization of the Global Economy**
- **Next Leg of Technological Advancement**

HIGH-CONVICTION INVESTING

Fiscal Policy Supporting Essential Investment

Recent Legislative Action

- **Infrastructure Investment and Jobs Act** **\$1.2t**
- **Inflation Reduction Act** **\$1.2t**
- **National Defense Authorization Act** **\$858b**
- **CHIPS and Science Act** **\$280b**

HIGH-CONVICTION INVESTING

Creating a Narrow Set of Opportunity

- **Defense Companies**
- **Industrial Metals and Materials**
- **Energy**

HIGH-CONVICTION INVESTING

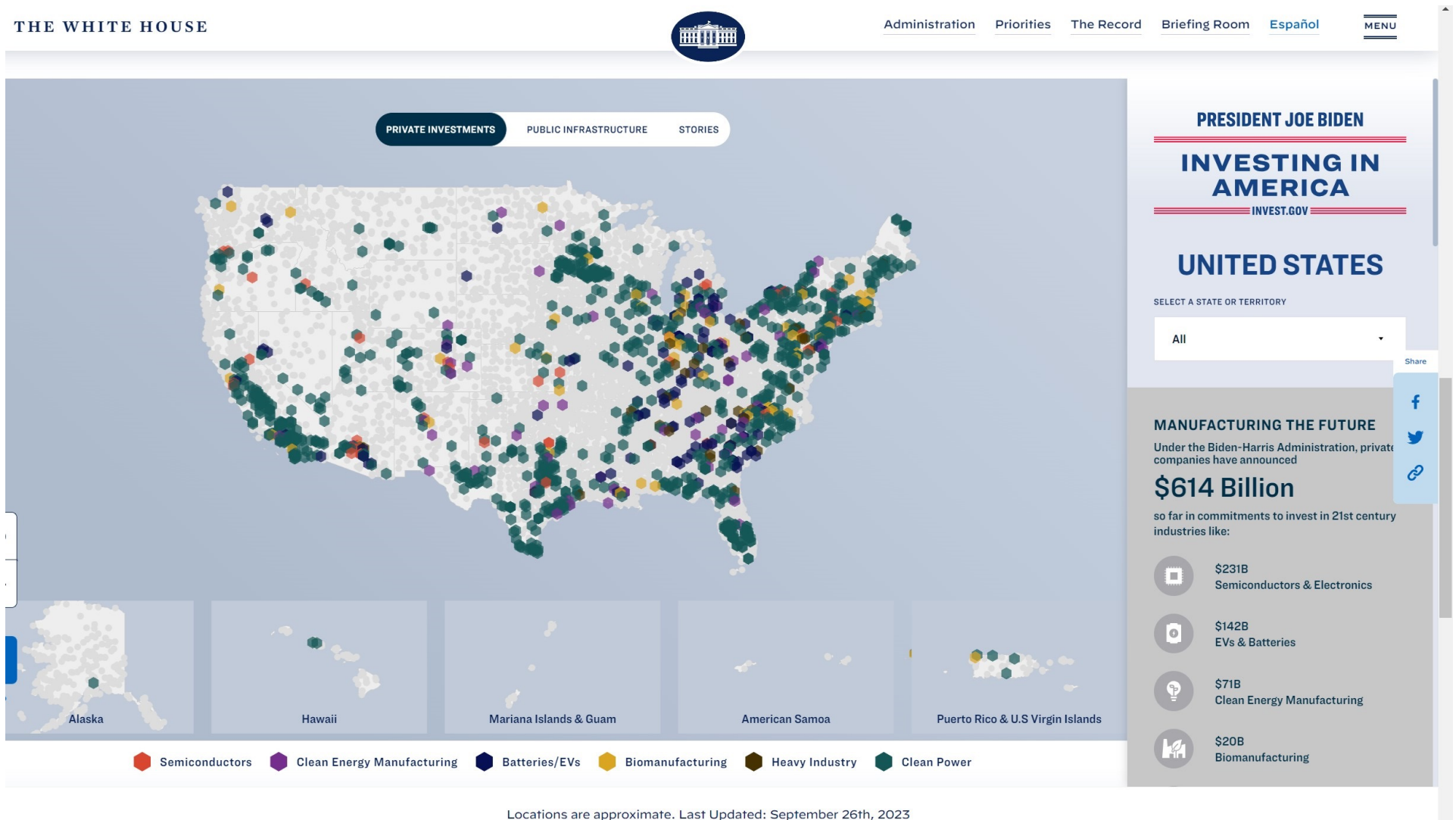
Defense Spending Rising – 2022 Record High of \$2.2 trillion

Rank	Country	Military Budget (Billions)	% of World Military Spend
1	U.S.	\$876.9	39.0%
2	China	\$292.0	13.0%
3	Russia	\$86.4	3.9%
4	India	\$81.4	3.6%
5	Saudi Arabia	\$75.0	3.3%
6	UK	\$68.5	3.1%
7	Germany	\$55.8	2.5%
8	France	\$53.6	2.4%
9	South Korea	\$46.4	2.1%
10	Japan	\$46.0	2.1%

Source: Stockholm International Peace Research Institute

HIGH-CONVICTION INVESTING

Strong Demand for Basic Materials



Source: whitehouse.gov

HIGH-CONVICTION INVESTING

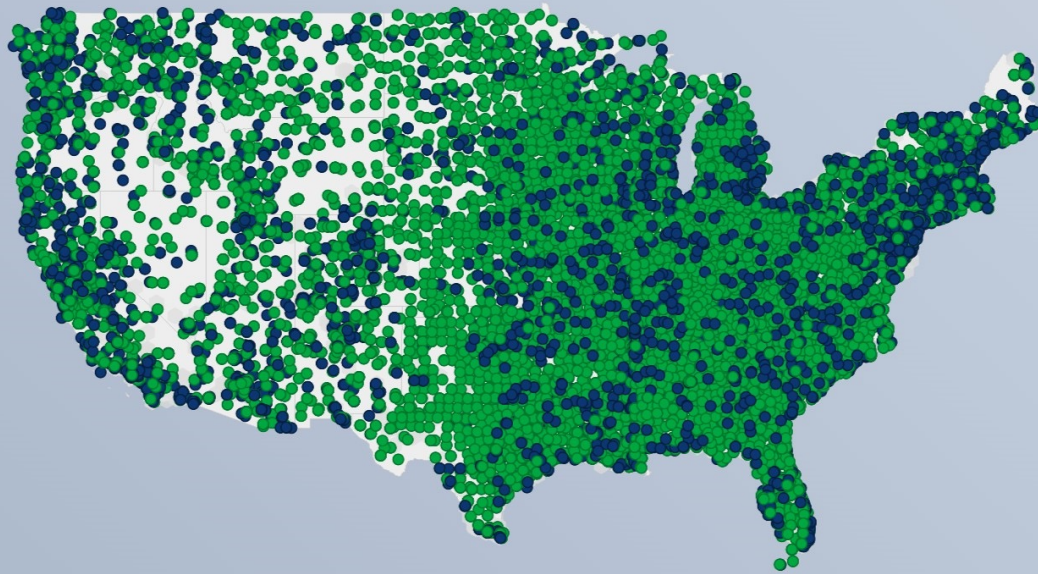
Strong Demand for Basic Materials

THE WHITE HOUSE

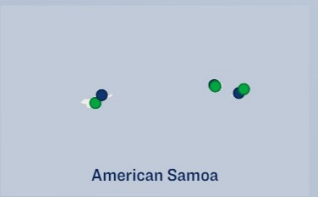


Administration | Priorities | The Record | Briefing Room | Español | MENU

PRIVATE INVESTMENTS | PUBLIC INFRASTRUCTURE | STORIES



Top



● Discretionary ● Formula

PRESIDENT JOE BIDEN

INVESTING IN AMERICA

INVEST.GOV

UNITED STATES

SELECT A STATE OR TERRITORY

All

ADVANCED SEARCH

Share



MANUFACTURING THE FUTURE

Under the Biden-Harris Administration, private companies have announced

\$614 Billion

so far in commitments to invest in 21st century industries like:

- \$231B Semiconductors & Electronics
- \$142B EVs & Batteries
- \$71B Clean Energy Manufacturing

Source: whitehouse.gov

Locations are approximate. Last Updated: September 26th, 2023

HIGH-CONVICTION INVESTING

Not the Grade One Would Expect From the World's Leading Economy

2021 Report Card for America's Infrastructure

Overall G.P.A.

C-

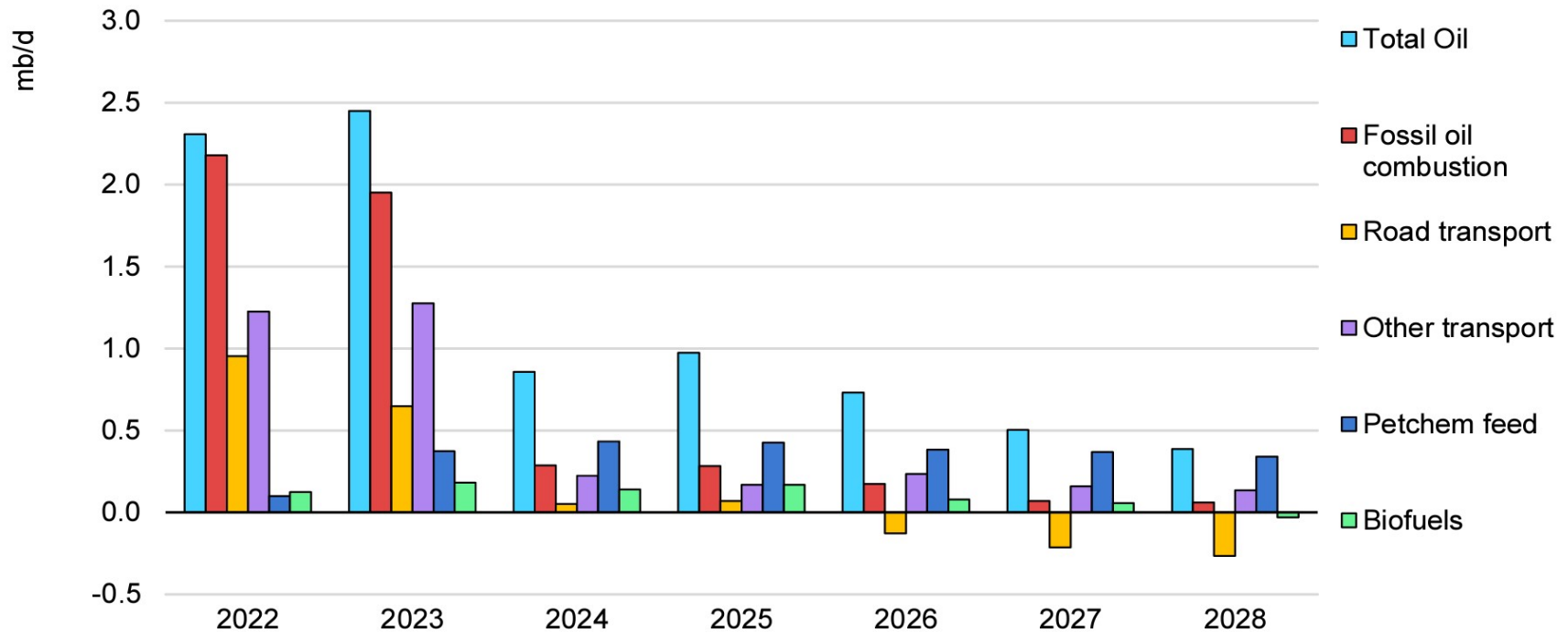
• Aviation	D-	• Public Parks	D+
• Bridges	C	• Rail	B
• Dams	D	• Roads	D
• Drinking Water	C-	• Schools	D+
• Energy	C-	• Solid Waste	C+
• Hazardous Waste	D+	• Stormwater	D
• Inland Waterways	D+	• Transit	D-
• Levees	D	• Waste Water	D+
• Ports	B		

Source: American Society of Civil Engineers

HIGH-CONVICTION INVESTING

Energy Transition Will Take Time

Annual oil demand growth, 2022-2028



IEA. CC BY 4.0.

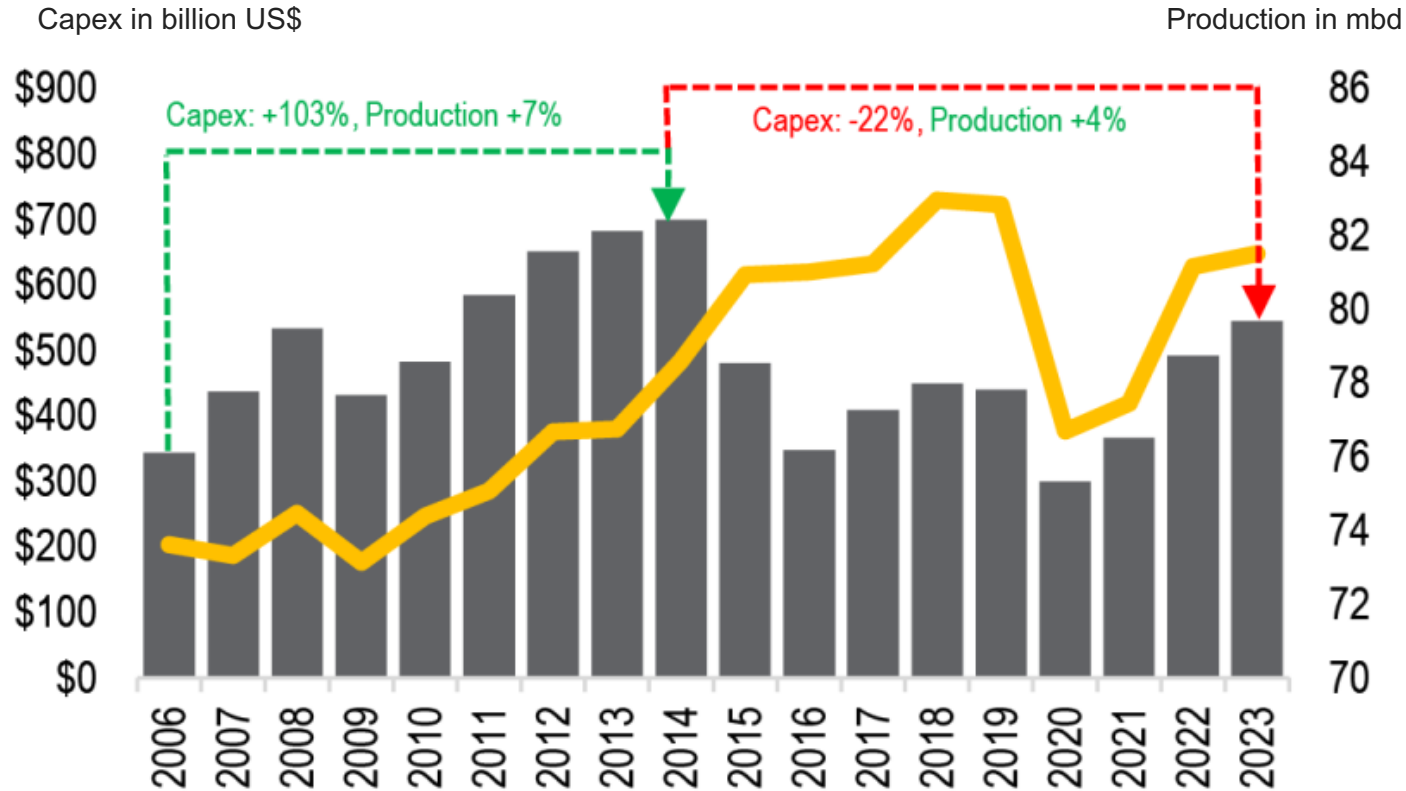
Note: Fossil oil combustion is total demand minus feedstock use, other non-energy uses and biofuels consumed.

Source: International Energy Association

HIGH-CONVICTION INVESTING

Productivity Gains Equals Return of Capital

Global oil capex and crude & condensate production

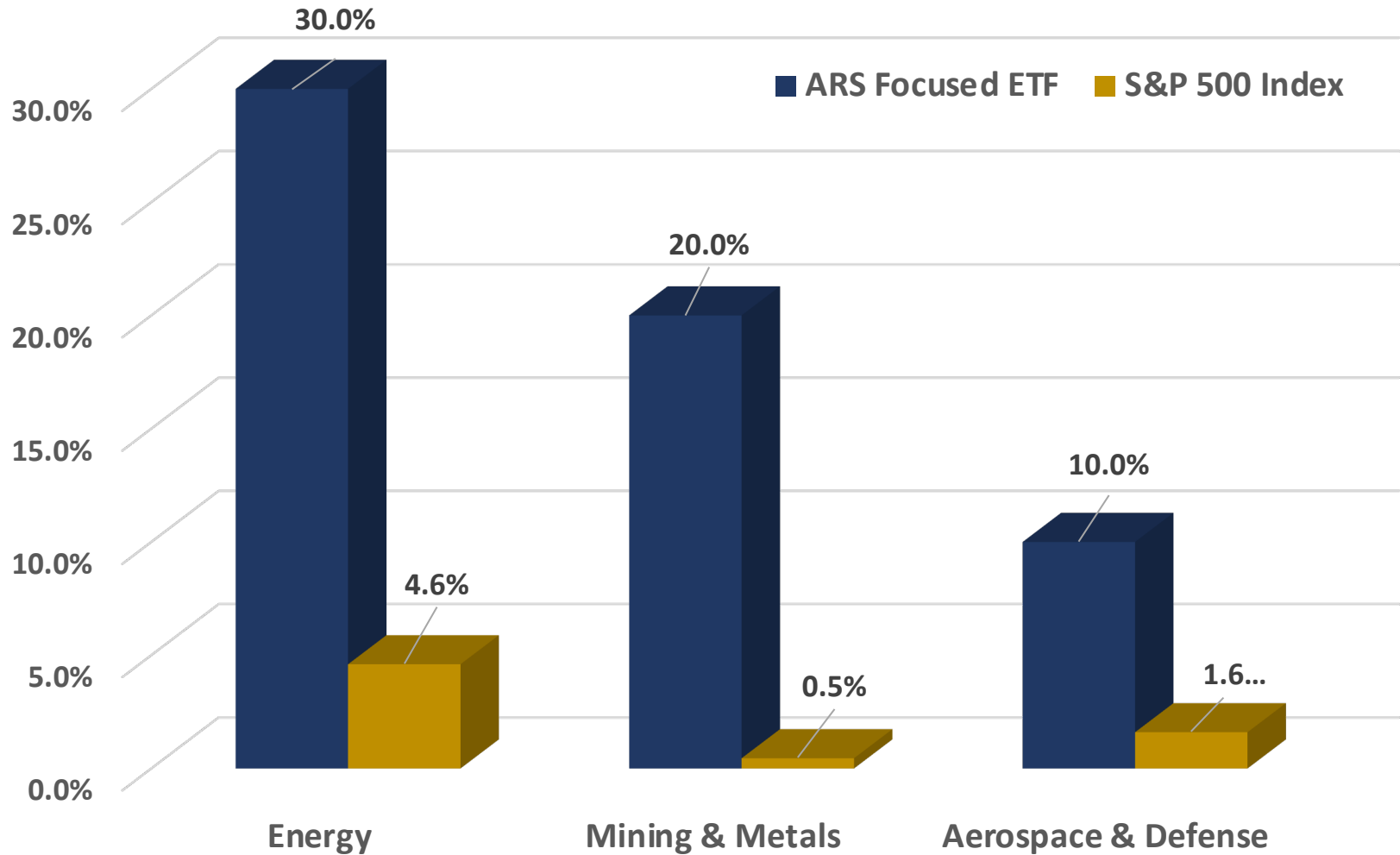


Source: JP Morgan

HIGH-CONVICTION INVESTING

Fewer Beneficiaries Drives Portfolio Positioning

Industry Allocations



Source: Factset

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.

HIGH-CONVICTION INVESTING

Focused ETF Performance

(period ending September 30, 2023; inception June 30, 2017)

	Quarter-to-Date	Year-to-Date	1 Year	3 Years*	5 Years*	Since Inception*
	RETURN	RETURN	RETURN	RETURN	RETURN	RETURN
ARS Focused ETF (gross of fees)	0.83%	13.08%	26.12%	16.41%	11.88%	13.43%
(net of fees)	0.65%	12.47%	25.24%	15.59%	11.10%	12.64%
S&P 500	-3.27%	13.07%	21.62%	10.15%	9.92%	11.51%

*Performance numbers are annualized for all time periods over 1 year.

Performance shown is a representative account in ARS' Focused ETF strategy. Past performance is not indicative of future results. 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.

ACA VERIFICATION REPORT

Verification Report

ARS Investment Partners, LLC

We have verified whether ARS Investment Partners, LLC (the “Firm”) has, for the periods from January 1, 2000 through December 31, 2021, established policies and procedures for complying with the Global Investment Performance Standards (GIPS®) related to composite and pooled fund maintenance and the calculation, presentation, and distribution of performance that are designed in compliance with the GIPS standards, as well as whether these policies and procedures have been implemented on a firm-wide basis. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Firm’s management is responsible for its claim of compliance with the GIPS standards and the design and implementation of its policies and procedures. Our responsibilities are to be independent from the Firm and to express an opinion based on our verification. We conducted this verification in accordance with the required verification procedures of the GIPS standards, which includes testing performance on a sample basis. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, for the periods from January 1, 2000 through December 31, 2021, the Firm’s policies and procedures for complying with the GIPS standards related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects:

- Designed in compliance with the GIPS standards, and
- Implemented on a firm-wide basis.

This report does not relate to or provide assurance on any specific performance report of the Firm or on the operating effectiveness of the Firm’s policies and procedures for complying with the GIPS standards.

ACA Group

ACA Group, Performance Services Division

November 15, 2022

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 claims compliance with the Global Investment Performance Standards (GIPS). ARS has been independently verified for the periods 1/1/2000 through 12/31/21. 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 of the accuracy of any specific performance report. Benchmark returns are not covered by the report of independent verifiers.

Benchmark Definitions – The S&P 500® includes 500 leading companies and covers approximately 80% of available market capitalization.

Composite Definitions – 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.

Investment Management Fees – The investment management fees that apply to this portfolio composite are as follows: 0.70% per annum of the first \$5 million, 0.50% per annum of the next \$20 million, and to be discussed thereafter. The management fees for certain clients may differ from this schedule because those clients' fees are grandfathered or because of relationships with the applicant and related 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 is 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 include 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. Operating costs include custodian and administrative fees. Additional information regarding policies for valuing investments and calculating performance is available upon request by emailing info@arsinvestmentpartners.com. 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. A complete list and description of the composites managed by ARS is available upon request by email to info@arsinvestmentpartners.com.

The information in this document is believed to be correct at the time of compilation, but no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by ARS its officers, employees or agents. The information contained herein is current as of the date hereof but may become outdated or subsequently may change. ARS does not undertake any obligation to update the information contained herein in light of later circumstances or events. This document contains general information only and is not intended to be relied upon as a forecast, research, investment advice, or a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. Nothing in this presentation constitutes financial, legal, or tax advice.

The historical index performance results are provided exclusively for comparison purposes only. It is not possible to invest directly in an index. It should not be assumed that any account holdings will correspond directly to any comparative index reflected herein.

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HIGH-CONVICTION INVESTING

Strong Demand for Basic Materials

Semiconductor Fabrication Facility

- 600,000 cubic meters of concrete
- 75,000 tons of reinforcement bar
- 35,000 tons of structural steel
- 9,000,000 meters of cable

EV Battery Plant

- 66,000 cubic meters of concrete
- 3,300 tons of reinforcement bar
- 7,900 tons of structural steel

Improving the Electric Grid

- Over 5 million miles of power lines
- 50 million distribution transformers
- 6,400 power plants
- 55,000 substations

Transportation Projects

- To date, 6,900 projects with \$185b in funding announced
- \$120b for roads and bridges in 2022 & 2023
- \$20.4b for public transit awarded in 2022

Source: Intel, Ford Motor, Whitehouse.gov

HIGH-CONVICTION INVESTING

Energy Transition Will Take Time

International Energy Association (IEA)

- Peak oil demand by 2030 of 102 million barrels per day
- Demand drops to 97 million barrels per day by 2050 – not much of a drop off

Return of Capital Story

- Less investment in development = more free cash flow to distribute
- In 2022, 5 Oil Majors paid down \$87 billion in debt, repurchased 8% of shares outstanding and \$48 billion in dividends

Source: International Energy Association, Bloomberg, Sentieo