1. Artificial Intelligence

a. **Theme Description** - The growth of ChatGPT has provided the catalyst for companies to aggressively seek ways to utilize artificial intelligence (AI) as a method to enhance productivity as investors are recognizing the importance this technological advancement will potentially play in enhancing an organization's bottom line.

b. **Thesis** - Investment options within this theme range from traditional technology companies to automotive to healthcare to any company type looking utilize AI as a productivity enhancer and problem-solver while decreasing the risk of human error. For SAMT, we look for those organizations who create and provide software applications capable of offering intelligent learning, coding, data analytics, linguistics, neuroscience as well as other organizations who utilize AI in an attempt to enhance productivity or those in search of more efficient and effective methods to perform their services or enhance their products.

c. **Variant perception** - An investment in a technology heavy theme seems to go against our longer-term viewpoint of an impending recession, which historically has seen sectors traditionally thought of as defensive, such as healthcare and consumer staples, outperform sectors such as technology or communications. However, we view artificial intelligence as a productivity enhancer that will be heavily relied on by corporations well past any potential downturn in the market.

2. Cash Flow Aristocrats

a. **Theme Description** - Believing the single biggest change to the financial markets in 2022 was the transition from quantitative easing to quantitative tightening leads us to believe that interest expense will inevitably consume a greater share of corporate cash and thus companies with an ability to generate enough cash to self-fund should have a significant advantage in this environment.

b. **Thesis** - With the expectation that the cost of capital is now higher, we believe owning companies that place a greater emphasis on cash - both on hand and in the future via operations and management - will do well. Investments in organizations that have shown excellent cash management, ability to create revenue and cash flow, while also showing declining capital expenditures as well as providing income to shareholders.

c. **Variant perception** - As a probable recession draws near will the Fed pivot to easier monetary policy, reversing the move in interest rates, dropping the cost of capital and need to remain diligent with cash management?

3. De-Globalization

a. **Theme Description** - Supply-chain disruptions from both the COVID-19 virus and Russia's invasion of Ukraine resulted in companies considering near-shoring operations, as countries realized the importance of self-reliance when it comes to energy and food supplies, along with

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the increased desire and spending for security (both military and cybersecurity). In addition, the angst arising from China's increasing threat economically and militarily has played a role in reversing the trend of cheap access to materials and labor that had been part of a move towards a more global marketplace. And with the rise of additional geo-political tensions, we believe we are witnessing: 1) higher inflation as material costs rise; 2) slower economic growth due to those higher prices in the absence of productivity increases; 3) an increase in defense spending as a percentage of global growth; and 4) and additive war premium being placed on oil and energy costs due to the unfortunate rise in global conflicts.

b. **Thesis** - In order to position for this then, we believe the opportunities lie in energy and material companies that benefit from established operations, cybersecurity companies that will benefit from spending both by government organizations and corporate America, the traditional defense sectors, and companies which are more reliant on domestic revenues and input goods predominately produced domestically.

c. **Variant perception** - The pushback to this theme is that the long term move towards globalization has been ingrained in the mindset of many investors and c-suites, likely meaning the transition is going to take decades, which makes it challenging to invest in directly.

4. Downside Protection

a. **Theme Description** - As equity prices and valuations continue to rise following the recent low last Fall, we believe it prudent to provide more balance to a portfolio given the increased probabilities of a near-term correction. While risk metrics are not flashing red, we believe it to be irresponsible to ignore the sound portfolio management concept of diversification with the goal of providing some cushion should we witness a significant correction within equities. Some of the areas we are watching carefully to ascertain whether or not we should add additional defensive properties to the portfolio are: 1) the lag effects of monetary tightening beginning to impact the economy; 2) increasing wage pressures or a second wave of inflation; 3) or disruptions caused by extreme levels of government spending.

b. **Thesis** - For this theme we have invested in traditional defensive consumer staples and healthcare firms along with those non-consumer staples companies that have elevated correlations to the consumer staples sector. Furthermore, we've found that companies with low credit default swap spreads along with those companies which have outperformed the broader equity market in past recessionary environments should prove to be viable options.

c. **Variant perception** – Economic productivity provides a substantial boost which in turn sees economic growth accelerate, resulting in the outperformance of cyclical securities at the expense of defensive stocks, which may then underperform the broader equity market.

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Important Disclosures & Definitions

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Market Price: The current price at which shares are bought and sold. The market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share, and do not represent the returns you would receive if you traded shares at other times. NAVs are calculated using prices as of 4:00 PM Eastern Time.

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