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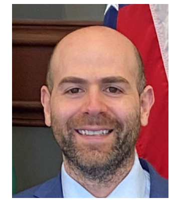
Amberwave

Issuer Spotlight: Q&A Amberwave Partners



Stephen Miran
Co-Founder, Amberwave Partners

Q: What is JSG investing?

JSG stands for investing in Jobs, Security, and Growth. It's an investment philosophy built on those three core values with a real, measurable, and positive impact on all Americans and our communities.

We invest in companies that contribute to the health of the U.S. labor market and create economic opportunity across the country. We invest in companies that make Americans safer by enhancing their supply chains and data security or advancing the national security interests of the United States. We also invest in companies that increase the healthy growth capacity of the U.S., particularly by investing in their businesses and technologies in ways that help create broad-based prosperity and improve opportunity.

Q: How do you think JSG differs from ESG investing?

As a values-driven, impact investing strategy, JSG is intended to be complementary to traditional environmental, social, and governance (ESG) investing, and there's some overlap. Both are looking to make positive differences in people's lives.

We believe JSG appeals to universally held values, and one thing that makes it special is the ease of measuring impact: when people have jobs who didn't have them before, you immediately and transparently know the companies you invest in are making a difference.

Q: How do you believe JSG investing achieves impact?

JSG delivers impact by giving investors a voice. JSG allows investors to make choices based on their values, investing in companies that are good for America and its future. By directing investments at companies that undertake JSG actions, JSG investing can reward companies for socially responsible activities, making it cheaper for them to keep jobs and supply chains in the U.S.

A lower cost of capital for companies promoting JSG values is expected to provide powerful incentives for companies to keep, retain and hire workers; invest in local production; and support American communities.

JSG intends to help create a world in which no company will ever again find it more profitable to offshore their workforce than hire locally.

Q: What do you expect concerning JSG returns?

We believe there are good reasons for expecting JSG-specific outperformance. For example, a leading study on the jobs factor found that the companies that are most supportive of their workers generated 2.3% to 3.8% of outperformance per year over their peers. There's also plenty of research examining how globalized, just-in-time supply chains are more vulnerable to shocks like natural disasters, pandemics, and other external factors, weighing on revenues and stock prices. Finally, there's abundant evidence that technological innovation has the potential to create superior equity performance by driving economic growth. Information from these studies can be found on our website.

Q: What about the current policy environment, do you believe that it will affect the performance of JSG investments? If so, how?

We do think policy has turned the corner on several issues that should benefit JSG investments over the next decade. For instance, reshoring supply chains is an issue of bipartisan interest and agreement. The public policy environment to support this activity continues to take shape. Rising inflation and challenges sourcing critical items from competitors like China have only amplified the need to address this issue.

Moreover, we believe that the tide has also turned on antitrust and competition policy. Congress understands that increased economic power in certain industries can harm consumers, increasing prices and decreasing choices. We expect antitrust policy to be enforced more aggressively in coming years, and we expect companies who refrain from harmful anticompetitive practices will weather this storm more successfully than companies who abuse their market power.

Q: What types of companies score highly or poorly on your JSG criteria?

Firms like the Tractor Supply Company, whose jobs have grown at a 15% annualized rate in recent years, score very highly on the jobs factor. Companies like Lam Research, who develops and invests in semiconductors, the key component to the American high-tech manufacturing ecosystem, score highly on security. And companies like Intuit, who provides tax and business management infrastructure to small businesses throughout the country, score highly on growth.

By contrast, there are also large firms whose business model focuses on helping companies offshore jobs and move production overseas; these score very poorly in all categories, and will be excluded from any JSG portfolio.

You can find more information about scoring on our website.

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