

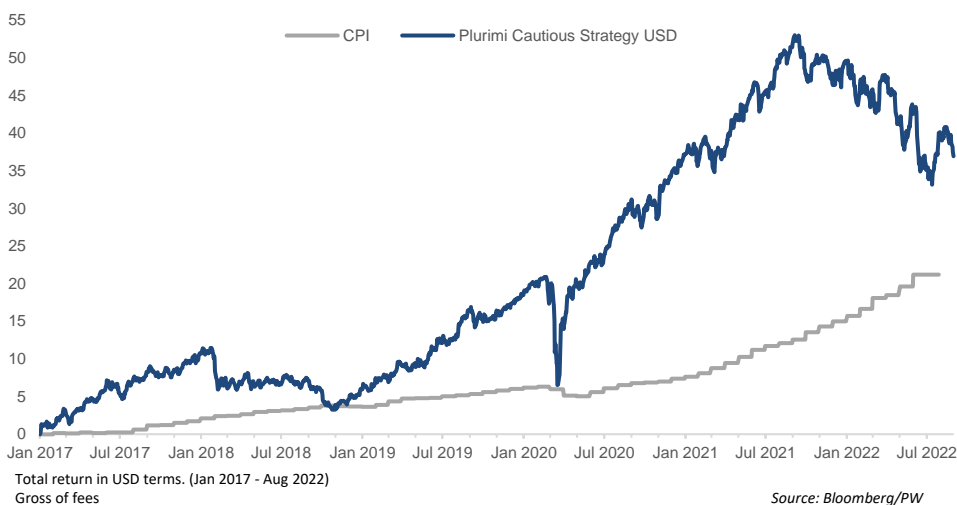
## Objectives

The objective of the Plurimi Cautious Strategy is to achieve long-term capital appreciation primarily through investments in a portfolio of global stocks and bonds. Tactically the strategy may also include exposure to commodities, real estate, and other alternative asset classes. The strategy is flexible and seeks to preserve capital on a 12 month basis, and deliver a total return of inflation +2% per annum over a market cycle.

## Risk and return targets

- Return target: CPI +2% per annum.
- Typical beta vs MSCI World: 0.4-0.6

## Total return (%)



## Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2022</b>	-2.7	0.1	0.8	-3.6	0.9	-5.5	3.7	-2.2					<b>-8.5</b>
<b>2021</b>	-1.1	0.7	0.5	3.2	2.4	0.0	3.0	1.3	-2.3	0.9	-1.7	2.0	<b>9.0</b>
<b>2020</b>	1.1	-2.1	-2.0	4.4	2.1	0.5	3.4	2.4	-0.7	-0.9	4.4	2.2	<b>15.8</b>
<b>2019</b>	1.5	-0.1	1.9	0.0	0.9	1.9	0.1	3.3	-1.0	0.8	0.7	1.3	<b>11.8</b>
<b>2018</b>	-0.4	-3.5	0.4	0.1	0.4	-0.6	0.2	0.1	-1.1	-2.4	1.2	1.3	<b>-4.3</b>
<b>2017</b>	1.2	2.0	0.0	1.6	1.5	-0.8	1.5	1.2	-0.4	0.4	1.1	1.2	<b>10.8</b>

Total return in USD terms. (Jan 2017 - Aug 2022)  
Gross of fees

Source: Bloomberg/PW

## Equity sector exposure (scaled to 100%)

	Cautious	MSCI World
Communication Services	20.4	7.2
Consumer Discretionary	0.0	11.3
Consumer Staples	2.9	7.6
Energy	5.8	5.2
Financials	13.5	13.4
Health Care	23.3	13.2
Industrials	5.5	10.1
Information Technology	16.8	21.7
Materials	11.8	4.2
Real Estate	0.0	2.9
Utilities	0.0	3.2

## Equity characteristics (scaled to 100%)

	Cautious	MSCI World
Dividend Yield	3.9	2.5
Price to Earnings Ratio (P/E)	7.5	17.0
Price to Cash Flow Ratio (P/CF)	6.3	10.9
Price to Book Ratio (P/B)	2.0	2.7
Total Debt to Common Equity	108	146
Current Ratio	1.5	1.2
BEST ROE	3.9	30.5
Op. Income Growth	69.9	17.4
Sales Growth	18.4	11.3
BEST P/E	9.8	15.0
Debt/EBITDA	2.7	3.2
BEST EV/EBITDA	5.4	10.4
Profit Margin	14.3	10.6
ROC	13.4	7.5

## Key points

Defensive strategy designed to protect capital in the short term and grow purchasing power over a cycle.

Objective stock selection process utilises independent research and proprietary screens.

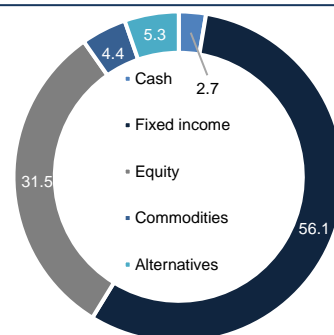
Top-down regional, asset class and style allocations to enhance returns and mitigate macro risks.

Portfolio characteristics skewed towards value, quality, and yield.

## Key risks

Capital is at risk. The strategy has a flexible asset allocation policy, which means allocations to risky assets are not fixed and may be increased at the portfolio managers discretion. The strategy invests globally and takes currency exposure which also can create capital losses. The strategy is diversified but Individual stock and corporate bond risk may be significant with positions up to 4 and 9% respectively.

## Asset allocation (%)



## Holdings (%)

Holdings	(%)
NOVO NORDISK A/S-B	3.2
X NIKKEI 225	2.4
PLUS500 LTD	2.3
ACTIVISION BLIZZARD INC	2.3
MCKESSON CORP	2.2
VISA INC-CLASS A SHARES	1.9
APPLE INC	1.9
CORTEVA INC	1.9
ALPHABET INC-CL A	1.9
KDDI CORP	1.8
EOG RESOURCES INC	1.7
CITIGROUP INC	1.6
AP MOLLER-MAERSK A/S-B	1.6
ARCELORMITTAL	1.6
ROCHE HOLDING AG-GENUSSCHEIN	1.4
ASML HOLDING NV	1.0
DANONE	0.8
ISHARES 0-5 YR INV GRD CORP	7.7
ISHARES IBOXX INVESTMENT GRA	7.7
TII 0 ½ 01/15/28	6.4
WT AT1 COCO UCITS ETF USD AC	6.2
TII 0 ¾ 07/15/26	6.1
TABULA US ENHANCED INFLATION	6.1
WFC 3 ¾ 01/24/24	5.4
SPDR BBG EM INFLATION LINKED	4.9
AAPL 3 11/13/27	3.4
DD 4.205 11/15/23	2.3
ISHARES PHYSICAL GOLD ETC	2.9
ABRDN PLATINUM ETF TRUST	0.8
ISHARES SILVER TRUST	0.8
BREVAN HOWARD AB RT G-A1 USD	3.3
GS NOTE	1.2
SOCGEN NOTE	0.9
US DOLLAR	2.7

## Commentary

The strategy fell by 2.2% in August which compares to 4.2% fall for the MSCI World and 4.1% fall for US Treasuries and investment grade bonds.

Overall the strategy's equities fell by almost 3% in August. **McKesson** rose by 7%. The financial benefits from its role as the key distributor for the US government's Covid-19 response are proving to be larger and more durable as the pandemic plays out. A refocus on the core, where McKesson benefits from strength in its specialty, technology and oncology units, was outlined at the December analyst day. The European business sale is following in pieces. The opioid settlement was the last obstacle to an unencumbered focus on growth opportunities. **Corteva** rose by 7%. Its strong new products, and cuts to legacy royalty costs should lead to earnings growth. A highly volatile commodity environment for farmers enhances the value of Corteva's uniquely direct sales approach. Though cost risks are widespread and may threaten farmers' short-term purchasing strength, Corteva is financially strong and bolstering its margin of safety with restructuring steps to cut costs. **ASML** fell by 14%. The global chip shortage has may be ending but ASML's sales growth may continue into 2023 due to strong underlying demand for lithography tools and a delay of sales recognition from 2022 to 2023. Demand from advanced-chip customers, including TSMC, Samsung and Intel, which are aggressively investing in 7- to 3-nanometer technologies, may rise. ASML's next-generation extreme ultraviolet (EUV) lithography tools could have higher selling prices, boosting its operating profit. The market for EUV is strong as it makes the most advanced chips, where ASML has a 100% market share. The equity weight at month end is 31.5% vs a neutral allocation of 35.0%.

The strategy's fixed income holdings also fell by 2.2% in August. The **SPDR Emerging Inflation Linked Bond ETF** benefitted from a higher carry and EM currency strength during the month.

Central banks have threatened to create a difficult environment for both equities and bonds as we enter the final four months of 2022. Fed chairman Jerome Powell seems to have acknowledged the hoped for "soft landing" of the US economy is unattainable. He may still avoid an outright US recession but his goal now seems to be to grind inflation down by slowing growth below its potential for an extended period...or the contradictory term of a "growth recession." The ECB is also likely to hike more aggressively than we expected a last month. Power prices across Europe recently hit all-time highs amid fears of a Russian energy cut-off this winter. Soaring energy prices have fed into euro-area inflation at a record high, bolstering the possibility the ECB hiking by 75bps in early September.

Our fixed income positioning is much shorter duration than benchmarks and contains significant inflation linked positions. This has led to significant outperformance vs benchmarks and our equities selected offer better value than the benchmarks. We have not made significant changes to our positioning during the month as we expect our current positioning should continue to outperform in a difficult market environment.

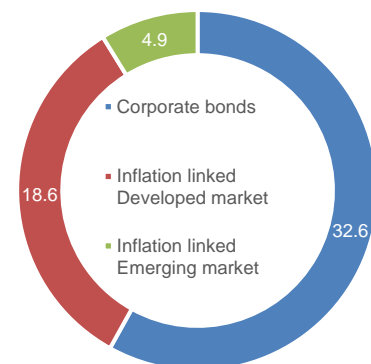
## Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

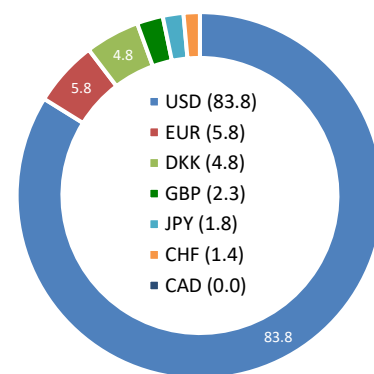
**Target return:** CPI +2% per annum

**Holdings:** 34

## Fixed Income type (% of portfolio)



## Currency (%)



## Performance attribution (%)

	Since inception	1 month
Equity	+23.8	-0.9
Fixed Income	+13.4	-1.2
Commodities	+2.1	-0.2
Alternative	-2.5	+0.1
Cash	+0.2	+0.0

Top 5 contributors	1 month return
MCKESSON CORP	+7.6
EOG RESOURCES INC	+9.1
CORTEVA INC	+7.0
SPDR BBG EM INFLATION LINKED	+2.3
GS NOTE	+3.0

Bottom 5 contributors	1 month return
ISHARES IBOXX INVESTMENT GRA	-4.4
WT AT1 COCO UCITS ETF USD AC	-5.3
NOVO NORDISK A/S-B	-7.8
AP MOLLER-MAERSK A/S-B	-11.4
TII 0 ½ 01/15/28	-2.6

## Portfolio characteristics (%)

Volatility (ex-ante)	8.4
Value at Risk (Monthly 97.5%)	4.4

## Performance indicators

Annualised return	5.7
Annualised volatility	6.5
Sharpe ratio	0.7
Best month	4.4
Worst month	-5.5
Max drawdown	-11.9

**DISCLAIMER**

The Plurimi Cautious Strategy was previously called the Plurimi Dynamic Strategy until October 2021.

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