Plurimi Growth Strategy GBP

PLURIMI

October 2022

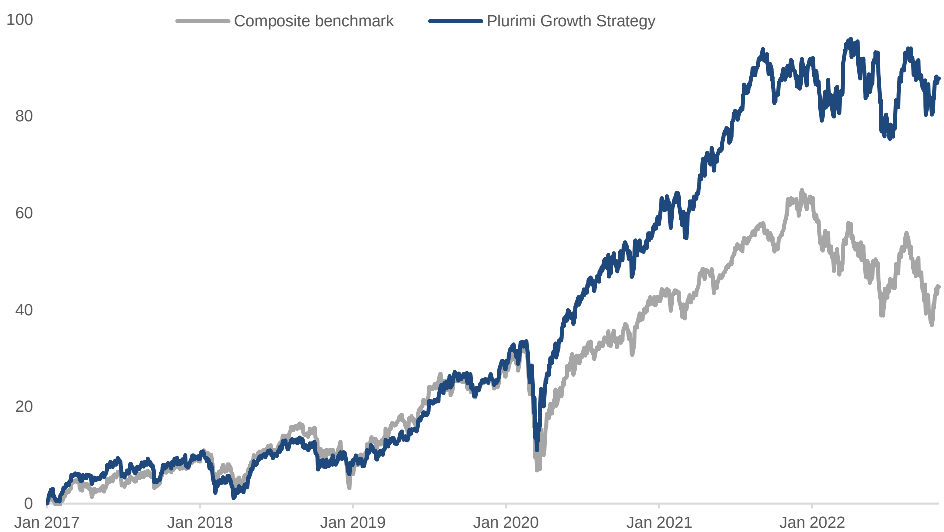
Objectives

The objective of the Plurimi Growth strategy is to achieve long-term capital appreciation through investments primarily in global stocks. The strategy is a flexible and seeks to maximise returns vs. a composite 70% MSCI World, 15% FTSE UK Gilts and 15% Markit iBoxx GBP Liquid Corporate Large Cap benchmark by employing active bottom-up stock selection, and tactical allocations across regions, styles and other asset classes.

Risk and return targets

- Typical beta vs. MSCI World: 0.8
- Beta range: 0.5-1.0
- Return target: Composite benchmark +2 % per annum.

Total return (%)



Total return in GBP terms. (Jan 2017 - Oct 2022)
Gross of fees

Source: Bloomberg

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	-3.8	1.3	4.5	-2.1	0.6	-7.4	6.3	1.2	-5.3	4.2			**-1.5**
2021	-0.6	0.3	3.5	4.8	1.3	4.1	2.5	3.8	-2.7	0.6	-0.5	2.2	**20.8**
2020	0.9	-3.0	-2.1	6.8	7.1	1.7	1.0	3.3	1.2	-2.3	4.0	3.1	**23.5**
2019	0.6	0.4	3.6	1.0	0.8	2.8	4.0	2.4	0.3	-2.1	2.1	1.6	**18.2**
2018	-2.2	-1.7	-2.0	2.4	4.1	0.1	1.6	0.8	0.0	-3.1	0.9	-1.8	**-1.0**
2017	0.7	4.0	0.5	-0.4	2.5	-1.6	0.4	2.8	-3.6	2.4	-0.2	1.4	**9.2**

Total return in GBP terms. (Jan 2017 - Oct 2022)
Gross of fees

Source: Bloomberg

Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	11.2	6.6	4.6
Consumer Discretionary	12.2	10.7	1.5
Consumer Staples	11.7	7.7	4.0
Energy	8.8	5.8	3.0
Financials	4.3	13.8	-9.5
Health Care	12.1	14.3	-2.2
Industrials	8.6	10.3	-1.6
Information Technology	18.7	21.1	-2.4
Materials	8.3	4.1	4.2
Real Estate	0.0	2.6	-2.6
Utilities	0.0	3.0	-3.0

Key points

Stock selection driven by independent research and proprietary selection models.

Top-down regional and style allocations.

More than 50% invested in equities, with flexibility to allocate to cash, commodities, fixed income and structured notes.

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. More than half of the exposure is allocated to equities. 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.

Relative risk vs composite benchmark

Tracking error (%)	4.7
Beta	0.8

Performance indicators (%)

	Strategy	Benchmark
Annualised return	11.4	6.5
Annualised volatility	9.5	10.2
Sharpe ratio	1.1	0.6
Best month	7.0	8.0
Worst month	-7.4	-7.9
Max drawdown	-16.9	-19.4

Holdings (%)

EOG RESOURCES INC	3.2
MCKESSON CORP	3.0
AP MOLLER-MAERSK A/S-B	3.0
CORTEVA INC	3.0
DEERE & CO	3.0
PLUS500 LTD	2.9
STELLANTIS NV	2.9
ASML HOLDING NV	2.9
APPLE INC	2.9
SHELL PLC	2.9
ARCELORMITTAL	2.8
3I INFRASTRUCTURE PLC	2.8
LVMH MOET HENNESSY LOUIS VUI	2.8
DANONE	2.7
NOVO NORDISK A/S-B	2.7
EBAY INC	2.7
SWEDISH MATCH AB	2.7
ARCHER-DANIELS-MIDLAND CO	2.6
ROCHE HOLDING AG-GENUSSCHEIN	2.6
KDDI CORP	2.6
ALPHABET INC-CL A	2.6
ACTIVISION BLIZZARD INC	2.6
ADVANCED MICRO DEVICES	2.5
PAYPAL HOLDINGS INC	2.4
FORTINET INC	2.2
WT AT1 COCO ETF GBP HEDGED	7.0
TABULA US ENHANCED INF GBPHA	6.9
SPDR BBG EM INFLATION LINKED	3.4
ISHARES PHYSICAL GOLD ETC	2.6
ABRDN PLATINUM ETF TRUST	1.3
BNP NOTE (Stellantis Swatch)	4.2
BRITISH POUND	5.6

Source: Bloomberg

Commentary

The strategy rose by 4.2% during the month, beating its composite benchmark which rose by 4.0%.

Global equities posted very strong gains for the month on the back of resilient earnings from the majority of companies which reported and renewed hopes of a Fed pivot to a more dovish policy in the coming months. We have positioned the portfolio with overweights in Energy, Luxury consumer, Healthcare and agribusiness equities. We are attracted to the ability of companies in these sectors to defend their profit margins for various reasons.

During the month we sold Fast Retailing and added Hermes.

Hermes benefits from unique positioning in the leather goods segment, supported by a supply/demand mismatch for its iconic bags. Demand for Hermes' exclusive luxury leather products and categories, sometimes only obtained via a waiting list, isn't expected to be held back by an inflation fuelled squeeze on consumer spending. Sales and profit growth are pinned to new production sites for Leather Goods, its highest-margin contributor, planned each year to 2026 for 4-5% volume capacity gains. Building its brand across other categories is proving a success, while positive drivers into 2023 include China re-openings, tourism recovery and currency benefit.

Agribusiness equities **Deere, Archer-Daniels-Midland, Corteva** and **Mosaic** all rose by more than 10%. High grain prices caused by growing demand based on growing population and income, and slowing supply based on climate volatility and Russia`s invasion of Ukraine should lead to farmers planting more acres of arable land. This should provide a favourable environment for companies producing pesticides, fertilizer, and farming equipment and create opportunities for grain trading. **EOG, Shell** rose by 23% and 12% respectively. EOG`s technical prowess driving resource development and sound financial management places it at the top of our rankings for US E&Ps, but its valuation does not reflect a best-in-class franchise. Shell reported Q3 earnings towards the end of the month which beat analyst expectations. **Fortinet** rose by 14% . It should be a beneficiary of an situation where governments and corporations spend to protect themselves from cyber crime. Fortinet's integrated offering, lower pricing vs. peers continue to drive growth.

Cameco was a large detractor. Cameco reported adjusted earnings per share for the third quarter that beat the average analyst estimates but the stock has been hit by the overhang from a dilutive equity issuance that was used to buy a stake in Westinghouse Electric.

Our fixed income positions were down slightly in October as Treasury yields moved marginally higher. **The iShares corporate Bond ETF** fell by 0.8% during the month. Gold also fell by 2% on higher yields.

The concurrent sell off in equities and bonds this year has increased their return potential going forward. We have maintained a close to neutral equity exposure of 69%. Lower valuation multiples following the equity selloff year to date are offset by challenges from the macro environment, where consensus earnings estimates for 2023 are probably still too high.

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

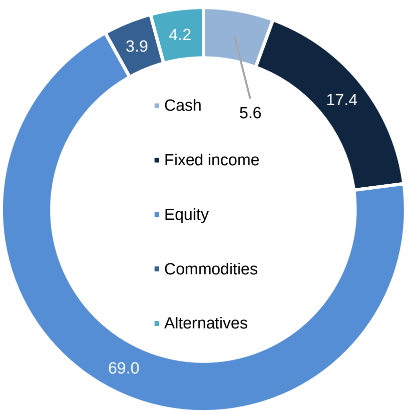
Target return: Composite benchmark +2% p.a.

Holdings: 32

Regional equity exposure (scaled to 100%)

	Strategy	MSCI W	Relative
North America	47.3	71.9	-24.6
Europe ex-UK	40.5	14.1	26.3
UK	8.4	4.4	4.1
Japan	3.8	5.8	-2.0
Asia & EM	0.0	3.8	-3.8

Asset allocation (%)



Performance attribution (%)

Attribution vs composite BM	Since inception	1 month
Total	43.0	0.2
Sector Allocation	+5.8	+0.0
Region Allocation	+0.4	+0.0
Styles	+2.2	+0.0
Stock Specific	+31.0	+0.4
Asset Allocation	+4.7	-0.2

Top 5 contributors	1 month return
EOG RESOURCES INC	19.2
DEERE & CO	14.9
ARCHER-DANIELS-MIDLAND CO	16.9
AP MOLLER-MAERSK A/S-B	11.0
MCKESSON CORP	11.1

Bottom 5 contributors	1 month return
ADVANCED MICRO DEVICES	-8.1
PAYPAL HOLDINGS INC	-5.9
ACTIVISION BLIZZARD INC	-5.1
ISHARES PHYSICAL GOLD ETC	-5.0
ALPHABET INC-CL A	-4.2

Equity characteristics

	Strategy	MSCI World
Dividend Yield	4.0	2.6
Price to Earnings Ratio (P/E)	8.5	16.4
Price to Cash Flow Ratio (P/CF)	7.1	10.6
Price to Book Ratio (P/B)	2.1	2.7
Total Debt to Common Equity	37.3	147
Current Ratio	1.4	1.2
BEst ROE	7.6	29.4
Op. Income Growth	76.5	11.6
Sales Growth	21.2	10.8
BEst P/E	10.1	14.9
Debt/EBITDA	1.0	3.1
BEst EV/EBITDA	10.6	10.2
Profit Margin	12.9	10.4
ROC	20.6	7.4

Source: Bloomberg

PLURIMI

DISCLAIMER