Plurimi Growth Strategy USD

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% ICE US Treasury 7-10Y bonds and 15% iBoxx USD Liquid IG corporate bonds 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.

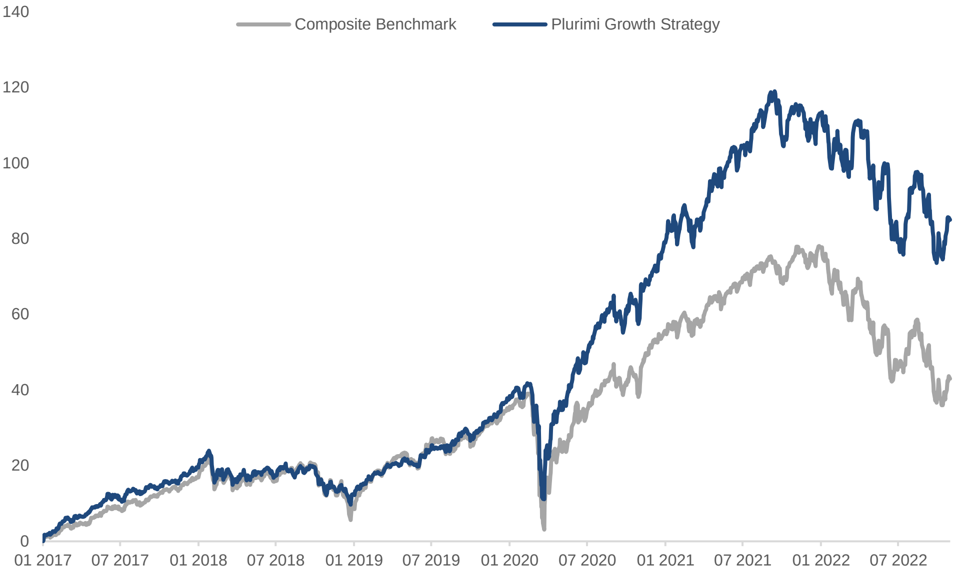
Key points

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.

Total return (%)



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

Source: Bloomberg

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	4.9%
Beta	0.9

Performance indicators (%)

	Strategy	Benchmark
Annualised return	11.1	6.3
Annualised volatility	12.0	12.3
Sharpe ratio	0.8	0.4
Best month	8.7	9.4
Worst month	-9.8	-9.4
Max drawdown	-21.6	-25.9

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	-4.9	0.5	3.2	-6.1	0.8	-9.8	7.7	-1.7	-8.6	6.6			**-13.1**
2021	-0.3	2.0	1.9	4.8	3.0	1.9	2.4	3.1	-3.6	2.7	-2.8	2.8	**19.0**
2020	0.2	-4.6	-5.0	8.8	5.8	3.1	5.9	3.4	-1.5	-1.7	8.1	5.2	**29.8**
2019	3.3	1.5	1.7	1.6	-1.8	3.7	0.3	1.9	1.0	1.7	2.1	3.4	**22.4**
2018	2.5	-4.2	-0.9	0.6	0.9	-0.6	1.1	0.5	0.2	-4.9	0.9	-1.9	**-5.9**
2017	2.8	3.1	0.5	2.2	2.2	-0.2	2.1	0.6	0.0	1.4	1.9	1.3	**19.5**

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

Source: Bloomberg

Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	11.0	6.6	4.4
Consumer Discretionary	10.8	10.7	0.1
Consumer Staples	9.5	7.7	1.8
Energy	12.2	5.8	6.4
Financials	2.7	13.8	-11.1
Health Care	18.6	14.3	4.4
Industrials	8.9	10.3	-1.3
Information Technology	14.3	21.1	-6.8
Materials	11.9	4.1	7.8
Real Estate	0.0	2.6	-2.6
Utilities	0.0	3.0	-3.0

Holdings (%)

MCKESSON CORP	4.7
CORTEVA INC	3.9
CHEVRON CORP	3.3
NOVO NORDISK A/S-B	3.3
EOG RESOURCES INC	3.2
HERMES INTERNATIONAL	3.2
NIPPON TELEGRAPH & TELEPHONE	3.1
APPLE INC	2.9
DEERE & CO	2.8
ARCHER-DANIELS-MIDLAND CO	2.7
PFIZER INC	2.6
MOSAIC CO/THE	2.5
ALPHABET INC-CL A	2.4
VISA INC-CLASS A SHARES	2.4
STELLANTIS NV	2.3
ROCHE HOLDING AG-GENUSSCHEIN	2.2
ACTIVISION BLIZZARD INC	2.1
DANONE	2.0
LVMH MOET HENNESSY LOUIS VUI	1.9
CAMECO CORP	1.9
ARCELORMITTAL	1.9
AP MOLLER-MAERSK A/S-B	1.9
CITIGROUP INC	1.9
SWEDISH MATCH AB	1.8
ASML HOLDING NV	1.7
ADVANCED MICRO DEVICES	1.7
NIPPON YUSEN KK	1.5
PAYPAL HOLDINGS INC	1.2
WT AT1 COCO UCITS ETF USD	6.5
BERY 4 ⅞ 07/15/26	5.2
SPDR BBG EM INFLATION LINKED	3.0
F 4.346 12/08/26	1.6
SPDR GOLD SHARES	2.5
TABULA US ENHANCED INFLATION	8.3
GS NOTE (CAMECO EOG)	2.8
US DOLLAR	0.9

Source: Bloomberg

Commentary

The strategy rose by 6.6% during the month, beating its composite benchmark which rose by 4.6%.

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 Thermo Fisher Scientific and added Hermes and Pfizer.

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. **Pfizer**'s pipeline productivity is improving with several successful recent drug launches. The stock supports a dividend yield of over 3.4% and we expect steady cash flows to support the dividend. Pfizer's coronavirus vaccine and antiviral Paxlovid are producing massive cash flow this year, but may contract quickly. Trading at only 7x trailing earnings, the share price accounts for this risk.

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 the largest 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

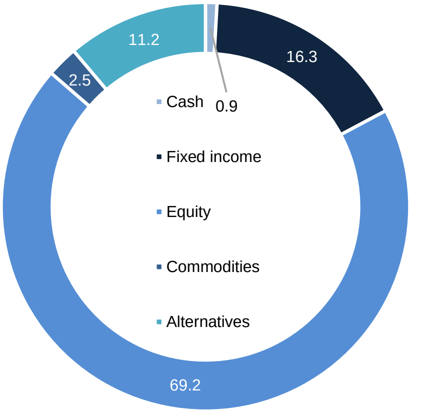
Target return: Composite benchmark +1% p.a.

Holdings: 36

Regional equity exposure (scaled to 100%)

	Strategy	MSCI W	Relative
North America	61.0	71.9	-10.9
Europe ex-UK	32.3	14.1	18.2
UK	0.0	4.4	-4.4
Japan	6.7	5.8	0.9
Asia & EM	0.0	3.8	-3.8

Asset allocation (%)



Performance attribution (%)

Attribution vs composite BM	Since inception	1 month
Total	42.0	2.0
Sector Allocation	+6.3	+0.3
Region Allocation	+0.4	+0.0
Styles	+5.9	+0.1
Stock Specific	+30.5	+1.6
Asset Allocation	-0.1	-0.1

Top 5 contributors	1 month return
CHEVRON CORP	25.9
MCKESSON CORP	14.6
EOG RESOURCES INC	22.9
CORTEVA INC	14.3
ARCHER-DANIELS-MIDLAND CO	20.5

Bottom 5 contributors	1 month return
CAMECO CORP	-14.8
ADVANCED MICRO DEVICES	-5.2
ACTIVISION BLIZZARD INC	-2.1
SPDR GOLD SHARES	-1.8
THERMO FISHER SCIENTIFIC INC	-1.7

Equity characteristics

	Strategy	MSCI World
Dividend Yield	3.9	2.6
Price to Earnings Ratio (P/E)	7.5	16.4
Price to Cash Flow Ratio (P/CF)	6.5	10.6
Price to Book Ratio (P/B)	2.1	2.7
Total Debt to Common Equity	87.7	147
Current Ratio	1.3	1.2
BEst ROE	-8.5	29.4
Op. Income Growth	71.9	11.6
Sales Gr	16.4	10.8
BEst P/E	10.2	14.9
Debt/EBITDA	2.4	3.1
BEst EV/EBITDA	11.1	10.2
Profit Margin	12.5	10.4
ROC	15.5	7.4

Source: Bloomberg

P L U R I M I

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