

## Objectives

The objective of the Plurimi AI global equity strategy is to achieve long-term capital appreciation through investments in global stocks. The strategy is always fully invested and seeks to maximise returns vs. the MSCI World benchmark by employing active bottom-up stock selection, which is driven by artificial intelligence with machine learning techniques, and discretionary top-down regional and style allocations.

## Risk and return targets

- Typical beta: 1.0
- Beta range 0.9-1.1
- Return target: MSCI World +3% per annum over a market cycle

## Total return (%)



Total return in USD terms. (30 Nov 2018 - 31 Oct 2022)  
Gross of all fees

Source: Bloomberg/PW

## Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2022 PW AI</b>	-7.1	-0.3	4.2	-8.2	1.8	-12.6	9.1	-2.5	-9.7	8.2			-18.0
MSCI W	-5.3	-2.5	2.8	-8.3	0.1	-8.7	8.0	-4.1	-9.3	7.2			-19.9
<b>2021 PW AI</b>	0.5	1.5	2.5	5.2	2.7	2.1	3.0	4.1	-4.6	3.5	-3.1	3.4	22.4
MSCI W	-1.0	2.6	3.4	4.7	1.5	1.5	1.8	2.5	-4.1	5.7	-2.2	4.3	21.8
<b>2020 PW AI</b>	-0.2	-7.0	-9.7	9.9	8.9	4.3	6.7	4.5	-2.3	-0.9	10.4	7.6	34.4
MSCI W	-0.6	-8.4	-13.2	11.0	4.9	2.7	4.8	6.7	-3.4	-3.0	12.8	4.3	16.5
<b>2019 PW AI</b>	10.4	4.5	2.9	2.7	-5.2	7.8	0.7	-1.3	1.7	4.2	2.3	4.7	40.5
MSCI W	7.8	3.1	1.4	3.6	-5.7	6.7	0.5	-2.0	2.2	2.6	2.8	3.0	28.5
<b>2018 PW AI</b>												-3.6	-3.6
MSCI W												-7.6	-7.6

Total return in USD terms. (30 Nov 2018 - 31 Oct 2022)  
Gross of all fees

Source: Bloomberg/PW

## Sector exposure (%)

	PW AI	MSCI W	+/-
Communication Services	9.5	6.6	2.9
Consumer Discretionary	9.2	10.7	-1.5
Consumer Staples	9.9	7.7	2.2
Energy	12.0	5.8	6.2
Financials	3.2	13.8	-10.5
Health Care	14.7	14.3	0.4
Industrials	9.0	10.3	-1.2
Information Technology	21.2	21.1	0.0
Materials	11.3	4.1	7.1
Real Estate	0.0	2.6	-2.6
Utilities	0.0	3.0	-3.0

## Regional allocation (%)

	PW AI	MSCI W	+/-
North America	53.0	71.9	-18.9
UK	7.8	4.4	3.4
Switzerland	3.2	3.1	0.1
Rest of Europe	30.6	11.0	19.6
Japan	5.4	5.8	-0.4
Asia & EM	0.0	3.8	-3.8

## Key points

Bottom-up stock selection driven by Artificial Intelligence (AI) and machine learning. Evaluating more than 5000 global stocks from 45 countries.

Objective stock selection process removes human emotion and behavioural biases.

Top-down region and style allocations.

Portfolio characteristics skewed towards value, quality, and momentum stocks.

## Key risks

Capital is at risk. Equity markets are volatile and the stocks in the strategy may outperform or underperform the benchmark. The strategy is a focused portfolio and not as diversified as the benchmark. The strategy takes significant regional and sector differences from the benchmark which are intended to improve returns but can lead to capital loss.

## Relative risk vs MSCI World (ex-ante)

Tracking error (%)	8.7
Beta	1.1
AI predicted alpha (%)	3.5
Active share (%)	90.1

## Performance indicators (%)

	PW AI	MSCI World
Annualised return	16.6	8.1
Annualised volatility	19.2	19.1
Sharpe ratio	0.8	0.4
Best month	10.4	12.8
Worst month	-12.6	-13.2
Max drawdown	-30.5	-34.0

## Holdings (%)

CORTEVA INC	5.4
MCKESSON CORP	5.2
SHELL PLC	4.7
EOG RESOURCES INC	4.6
ARCHER-DANIELS-MIDLAND CO	3.9
APPLE INC	3.8
ASML HOLDING NV	3.6
DEERE & CO	3.4
HERMES INTERNATIONAL	3.3
ACTIVISION BLIZZARD INC	3.3
ALPHABET INC-CL C	3.3
SWEDISH MATCH AB	3.3
CITIGROUP INC	3.2
ROCHE HOLDING AG-GENUSSCHEIN	3.2
AP MOLLER-MAERSK A/S-B	3.2
NOVO NORDISK A/S-B	3.2
FORTINET INC	3.2
MOSAIC CO/THE	3.2
VISA INC-CLASS A SHARES	3.1
ASTRAZENECA PLC	3.1
STELLANTIS NV	3.1
NIPPON TELEGRAPH & TELEPHONE	2.9
LVMH MOET HENNESSY LOUIS VUI	2.8
ARCELORMITTAL	2.7
PAYPAL HOLDINGS INC	2.7
CAPGEMINI SE	2.7
CAMECO CORP	2.7
DANONE	2.7
NIPPON YUSEN KK	2.5
ADVANCED MICRO DEVICES	2.1

Source: Bloomberg/PW

## Commentary

The strategy was up by 8.2% in October, beating the MSCI World return of 7.2%.

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 AstraZeneca.

**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. **AstraZeneca** has several drugs with strong competitive positions in their segments, which should make the company one of the pharma industry's best growth prospects over the next five years. The Alexion acquisition has also enabled the announcement of a \$1.2 billion cost-savings plan, further underpinning profitability. AstraZeneca doesn't have a large presence in emerging markets, but the company is significantly growing in these areas, and could be a source of upside surprise.

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 a 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.

### Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

**Target return:** MSCI World +3% p.a.

**Holdings:** 30

### Portfolio characteristics

	AI PW	MSCI World
Dividend Yield	3.2	2.6
Price to Earnings Ratio (P/E)	7.2	16.4
Price to Cash Flow Ratio (P/CF)	6.2	10.6
Price to Book Ratio (P/B)	2.0	2.7
Total Debt to Common Equity	95	147
Current Ratio	1.3	1.2
BEST ROE	3.1	29.4
Operating Income Growth	75	11.6
Sales Growth	19.2	10.8
BEST P/E	9.9	14.9
Debt/EBITDA	2.6	3.1
BEST EV/EBITDA	11.0	10.2
Profit Margin	13.3	10.4
ROC	14.9	7.4

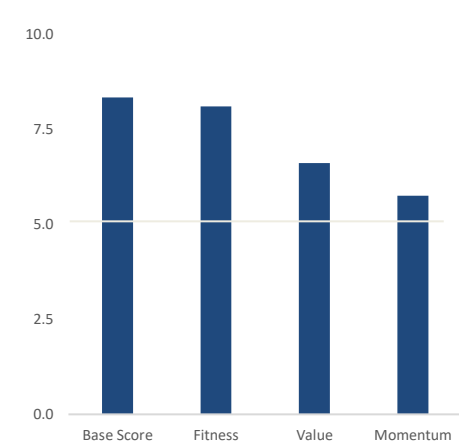
## Performance attribution (%)

Attribution vs MSCI World	Since inception	1 month
Total	46.8	0.9
Sector Allocation	+7.2	+0.0
Region Allocation	+4.1	+0.3
Styles	+1.5	-0.1
Stock Specific	+37.5	+0.7

Top 5 contributors	1 month return
EOG RESOURCES INC	22.9
CORTEVA INC	14.3
MCKESSON CORP	14.6
ARCHER-DANIELS-MIDLAND CO	20.5
DEERE & CO	18.5

Bottom 5 contributors	1 month return
CAMECO CORP	-10.5
ADVANCED MICRO DEVICES	-5.2
PAYPAL HOLDINGS INC	-2.9
ACTIVISION BLIZZARD INC	-2.1
THERMO FISHER SCIENTIFIC INC	-1.7

## Style characteristics (5 is neutral with Index)



# P L U R I M I

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