

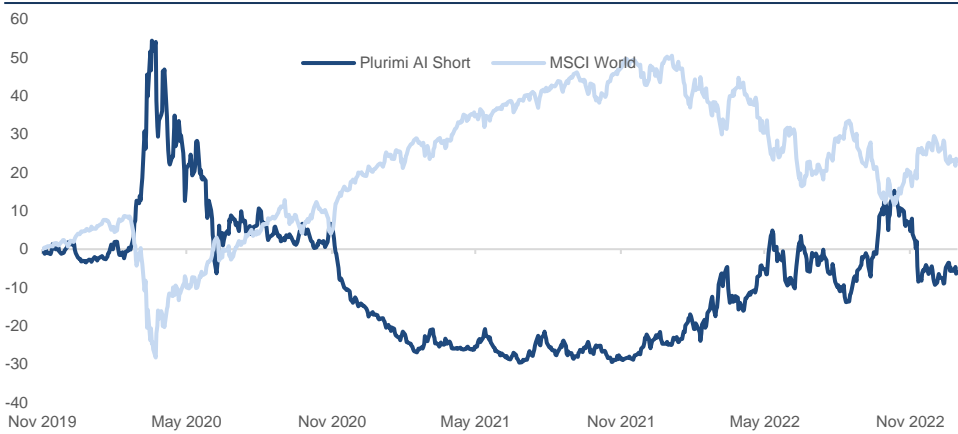
Objectives

The objective of the Plurimi AI Short Equity Strategy is to achieve appreciation through short selling a portfolio of global stocks. The strategy is always fully invested and rebalanced monthly with stock selection driven by artificial intelligence with machine learning techniques. The strategy can be implemented in isolation or in combination with a long equity strategy to create market neutral returns.

Risk and return targets

- Typical Beta range -0.9 to -1.3
- Return target: +4% - MSCI World over a market cycle

Total return (%)



Total return in USD terms. (1 Nov 2019 - 30 Dec 2022)
Gross of all fees

Source: Bloomberg/PW

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022													
Plurimi AI Short	6.4	3.1	4.2	10.4	-4.0	8.7	-7.6	4.8	17.3	-4.8	-13.7	1.8	25.0
MSCI World	-5.3	-2.5	2.8	-8.3	0.1	-8.6	8.0	-4.1	-9.3	7.2	7.0	-4.2	-17.7
2021													
Plurimi AI Short	-4.1	-1.6	-3.1	-0.4	-2.2	-2.5	6.3	-4.4	3.6	-3.4	4.6	-0.6	-8.2
MSCI World	-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
2020													
Plurimi AI Short	4.7	10.5	20.7	-14.9	-2.7	-4.3	2.7	-7.4	2.5	1.6	-18.0	-6.3	-15.8
MSCI World	-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
2019													
Plurimi AI Short											-0.3	-2.6	-2.9
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 30 Dec 2022)
Gross of all fees and borrowing costs

Source: Bloomberg/PW

Sector exposure (%)

	AI Short	MSCI W	+/-
Communication Services	-17.6	6.4	11.2
Consumer Discretionary	-16.2	10.0	6.2
Consumer Staples	-3.6	7.9	-4.3
Energy	-3.6	5.7	-2.1
Financials	-13.1	14.2	-1.1
Health Care	-7.3	14.6	-7.3
Industrials	-9.6	10.7	-1.1
Information Technology	-3.5	20.2	-16.7
Materials	-13.1	4.5	8.6
Real Estate	-8.8	2.7	6.2
Utilities	-3.6	3.2	0.4

Regional allocation

	AI Short	MSCI W	+/-
North America	59.7	69.9	-10.1
UK	6.4	4.7	1.7
Switzerland	3.5	3.3	0.2
Rest of Europe	20.8	12.0	8.8
Japan	6.5	6.3	0.2
Asia & EM	3.1	3.9	-0.9

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.

Portfolio characteristics significantly underweight AI score, value, quality, and momentum stocks.

Key risks

Capital is at risk. Equity markets are volatile and the stocks in the strategy may rise leading to capital losses for this strategy. Stocks may rise by much more than 100%, which would lead to a larger loss than size of investment. The strategy is a focused portfolio and not as diversified as the benchmark. Returns of the strategy are impacted by borrowing costs, and shorts may be bought in, which may lead to capital losses.

Relative risk vs MSCI World (ex-ante)

Tracking error vs. short MSCI World	9.1%
Beta	1.1
AI predicted alpha	+4.0%

Performance indicators

	AI Short	MSCI World
Annualised return	-1.9	6.8
Annualised volatility	26.7	19.9
Sharpe ratio	-0.1	0.3
Best month	20.7	12.8
Worst month	-18.0	-13.2
Max drawdown	-54.4	-34.0

Holdings

	(%)
KONINKLIJKE PHILIPS NV	-3.8
TOSHIBA CORP	-3.7
ROBLOX CORP -CLASS A	-3.6
ADIDAS AG	-3.6
LYONDELLBASELL INDU-CL A	-3.6
KINDER MORGAN INC	-3.6
ECOLAB INC	-3.6
NORTHERN TRUST CORP	-3.6
EVERSOURCE ENERGY	-3.6
TYSON FOODS INC-CL A	-3.6
CELLNEX TELECOM SA	-3.5
CREDIT SUISSE GROUP AG-REG	-3.5
PARAMOUNT GLOBAL-CLASS B	-3.5
INTEL CORP	-3.5
HENNES & MAURITZ AB-B SHS	-3.5
WALT DISNEY CO/THE	-3.5
ARGENX SE	-3.5
AMAZON.COM INC	-3.5
BT GROUP PLC	-3.5
PING AN INSURANCE GROUP CO-H	-3.1
INTL FLAVORS & FRAGRANCES	-3.0
BOEING CO/THE	-3.0
BANK OF NOVA SCOTIA	-3.0
BRITISH LAND CO PLC	-3.0
REALTY INCOME CORP	-2.9
SIMON PROPERTY GROUP INC	-2.9
NEWMONT CORP	-2.9
FEDEX CORP	-2.9
FAURECIA	-2.9
RAKUTEN GROUP INC	-2.7

Source: Bloomberg/PW

Commentary

The strategy rose 1.8% in December, amid a fall of 4.2% from the MSCI World. For the year strategy rose 25% vs the MSCI World return of -18%.

New additions:

Amazon's future margin expansion trajectory will likely be uneven at times, given its global logistics needs, content investments, increased competition, and physical store/healthcare efforts. International expansion brings unique challenges such as local e-commerce regulations, fulfillment infrastructure investment requirements, and incumbent local market competition. Certain AWS offerings face competition from well-capitalized peers like Microsoft Azure and Google, exposing it to more aggressive price competition and longer-term margin expansion pressure. **Ecolab Inc.** is a global provider of water, hygiene, and infection prevention solutions for customers in food, healthcare, hospitality, industrial and oil and gas markets. The Company's services include food safety, sanitation, optimization of water and energy use, improvement of operational efficiency and sustainability. Sales growth could become more difficult, as Ecolab has probably already picked low-hanging fruit in some of its markets. Like many chemical companies, Ecolab's fluctuating raw material costs could damp its ability to drive earnings growth. Ecolab's growth outside the U.S. will be slower as a result of a more fragmented customer base. **Northern Trust** will suffer fee compression and lower margins in the asset management industry will result in asset managers being more conscious of their costs and thus limits the pricing power of custody banks. Northern Trust is exposed to many factors outside of its control such as equity market movements, interest rate movements, and foreign exchange volatility. Northern Trust's custody business is smaller than peers State Street and BNY Mellon and thus its peers can benefit more from technology investment spending. Most of the **Tyson Foods** products are undifferentiated, making it difficult to command a price premium and sustain high returns. Thin margins coupled with difficult-to-control macroeconomic factors have led to inconsistent returns on invested capital. **Paramount** was the strongest contributor falling by 15%. Covid-19 magnified structural challenges for traditional media companies like Paramount (formerly ViacomCBS), it also heightened the need for a strong streaming strategy. The company is off to a solid start with 67 million streamers, and on track for 100 million by 2024, but this will come at the expense of midterm profit as content spending rises. Exposure to the traditional model is high, with over 30% of revenue from ads at risk as budgets shift to digital outlets, and while ad-supported PlutoTV has been a standout, growth is slowing. Paramount faces a tricky balance between expanding its own streaming services and licensing its content.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: +4% - MSCI World

Holdings: 30

Portfolio characteristics

	AI Short	MSCI World
Dividend Yield	4.2	2.6
Price to Earnings Ratio (P/E)	198	16.7
Price to Cash Flow Ratio (P/CF)	3.0	11.0
Price to Book Ratio (P/B)	1.2	2.8
Total Debt to Common Equity	228	147
Current Ratio	1.1	1.2
Est ROE	1.8	22.7
Operating Income Growth	45	8.2
Sales Growth	-3.2	9.8
Est P/E	17.2	15.0
Debt/EBITDA	5.2	3.1
Est EV/EBITDA	12.3	10.2
Profit Margin	1.3	10.4
ROC	1.6	7.5

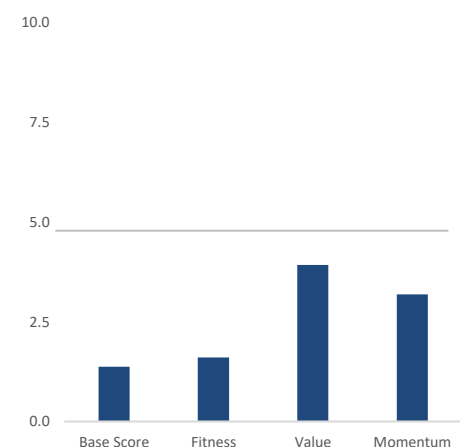
1 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	1.0	PARAMOUNT GLOBAL-CLASS B	-14.9
Consumer Discretionary	0.5	INTEL CORP	-12.1
Consumer Staples	-0.1	DOORDASH INC - A	-11.8
Energy	0.2	ROBLOX CORP -CLASS A	-10.4
Financials	-0.1	FAURECIA	-7.1
Health Care	0.1		
Industrials	-0.2	Bottom contributors	Return
Information Technology	0.4	ADIDAS AG	8.0
Materials	0.0	PING AN INSURANCE GROUP CO-H	8.2
Real Estate	0.1	BOEING CO/THE	6.5
Utilities	-0.1	TOSHIBA CORP	3.7
		XPENG INC - ADR	0.2

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

P L U R I M I

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