

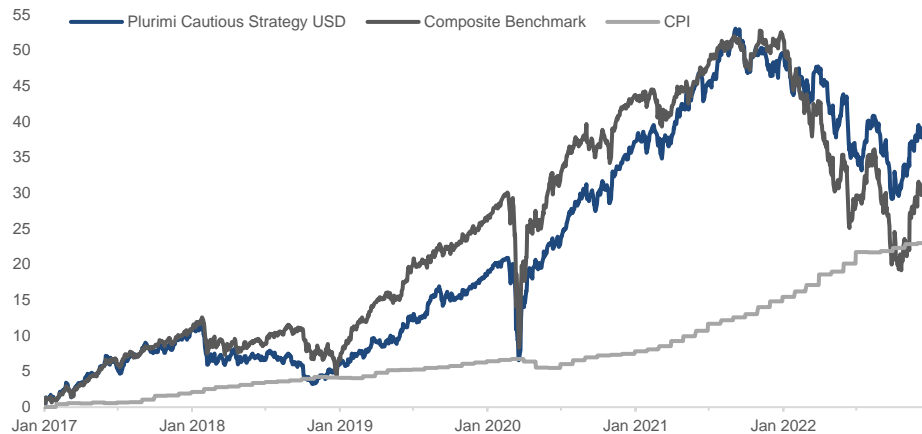
## Objectives

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. Performance is compared to a composite index made up of 35% MSCI World, 32.5% Iboxx Investment Grade, and 32.5% 7-10 year US Treasury Index.

## Risk and return targets

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

## Total return (%)



Total return in USD terms. (Jan 2017 - Dec 2022)  
Performance is compared to a composite index made up of 35% MSCI World, 32.5% Iboxx Investment Grade, and 32.5% 7-10 year US Treasury Index. Gross of fees  
Source: Bloomberg/PW

## Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	-2.7	0.1	0.8	-3.6	0.9	-5.5	3.7	-2.2	-5.6	3.5	3.5	-0.9	-8.4
2021	-1.1	0.7	0.5	3.2	2.4	0.0	3.0	1.3	-2.3	0.9	-1.7	2.0	9.0
2020	1.1	-2.1	-2.0	4.4	2.1	0.5	3.4	2.4	-0.7	-0.9	4.4	2.2	15.8
2019	1.5	-0.1	1.9	0.0	0.9	1.9	0.1	3.3	-1.0	0.8	0.7	1.3	11.8
2018	-0.4	-3.5	0.4	0.1	0.4	-0.6	0.2	0.1	-1.1	-2.4	1.2	1.3	-4.3
2017	1.2	2.0	0.0	1.6	1.5	-0.8	1.5	1.2	-0.4	0.4	1.1	1.2	10.8

Total return in USD terms. (Jan 2017 - Dec 2022)  
Gross of fees  
Source: Bloomberg/PW

## Equity sector exposure (scaled to 100%)

	Cautious	MSCI World
Communication Services	17.0	6.4
Consumer Discretionary	3.0	10.0
Consumer Staples	8.1	7.9
Energy	12.9	5.7
Financials	9.9	14.2
Health Care	19.2	14.6
Industrials	4.6	10.7
Information Technology	14.6	20.2
Materials	10.8	4.5
Real Estate	0.0	2.7
Utilities	0.0	3.2

## Equity characteristics (scaled to 100%)

	Cautious	MSCI World
Dividend Yield	4.1	2.6
Price to Earnings Ratio (P/E)	7.9	16.7
Price to Cash Flow Ratio (P/CF)	5.9	11.0
Price to Book Ratio (P/B)	2.0	2.8
Total Debt to Common Equity	103	147
Current Ratio	1.5	1.2
BEst ROE	13.7	22.7
Op. Income Growth	51.9	8.2
Sales Growth	18.0	9.8
BEst P/E	12.5	15.0
Debt/EBITDA	2.4	3.1
BEst EV/EBITDA	5.0	10.2
Profit Margin	12.5	10.4
ROC	12.8	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.

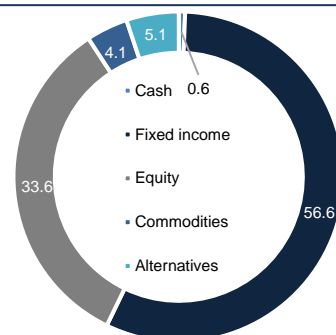
Top-down regional, asset class and style allocations to enhance returns and mitigate macro risks.

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 (%)

NOVO NORDISK A/S-B	2.6
ACTIVISION BLIZZARD INC	2.2
MCKESSON CORP	2.2
VISA INC-CLASS A SHARES	2.0
KDDI CORP	1.8
EOG RESOURCES INC	1.8
CORTEVA INC	1.8
ARCELORMITTAL	1.7
PLUS500 LTD	1.7
APPLE INC	1.6
CITIGROUP INC	1.5
ALPHABET INC-CL A	1.5
AP MOLLER-MAERSK A/S-B	1.5
ROCHE HOLDING AG-GENUSSCHEIN	1.4
ARCHER-DANIELS-MIDLAND CO	1.4
EQUINOR ASA-SPON ADR	1.3
X NIKKEI 225	1.3
DANONE	1.3
ASML HOLDING NV	1.1
CAMECO CORP	1.0
LVMH MOET HENNESSY LOUIS VUI	1.0
TII 0 % 07/15/32	7.9
ISHARES 0-5 YR INV GRD CORP	7.6
ISHARES IBOXX INVESTMENT GRA	7.4
WT AT1 COCO UCITS ETF USD	6.4
TII 0 % 01/15/28	6.0
TABULA US ENHANCED INFLATION	5.6
WFC 3 % 01/24/24	5.4
SPDR BGG EM INFLATION LINKED	4.6
AAPL 3 11/13/27	2.8
JPM 0.969 06/23/25	1.8
ABRDN PHYSICAL PLATINUM SHRS	1.0
ISHARES PHYSICAL GOLD ETC	3.1
ISHARES SILVER TRUST	1.0
BREVAN HOWARD AB RT G-A1 USD	3.4
GS NOTE	1.8
US DOLLAR	0.6

## Commentary

The strategy fell by 0.9% in December.

The MSCI World fell by 4% in December, fuelled by hawkish central banks that continued to add upward pressure on bond yields.

The strategy's equities fared better than the market. **Novo Nordisk** rose by 10%. Novo Nordisk's growth prospects appear assured, justifying its premium valuation vs. large pharma peers. The stock trades at 30x forecast earnings but growth in its drugs for diabetes and obesity look set to beat consensus estimates. **Activision** delivered a positive return of 3% in a down month as Microsoft reiterated its commitment to a \$95 offer it has made for the company.

**Apple** and **Alphabet** were large detractors falling by 13%. Large cap tech was punished by lower multiples as interest rates moved higher. Following large selloffs these stocks now both trade at less than 20x earnings which represents good value given their dominant market positions leading to defensible margins. During the month we added **LVMH**. Pricing power has proved to be extremely resilient from luxury consumer companies in 2022. High end consumption is less impacted by the higher energy, mortgage and food costs that are impacting mass market discretionary spending. EBIT margins approaching 40% should be able to be maintained as China opens up borders for external travel in 2023. Equity weight at year is 35%, exactly in line with the neutral position.

The strategy's fixed income holdings performed much better than aggregate bonds in December due to the shorter duration positioning in a rising yield backdrop. We expect 10 year yields to move slightly higher by year end as central banks allow inflation to stay above their respective targets based on risks to growth. Short duration bank debt and long duration inflation linked bonds are best options for 2023. We added a significant position in a **2032 in inflation protected Treasury** to take advantage of the higher real yields, and we sold a shorter duration treasury.

The precious metals holdings were positive contributors in December. Gold finished 2022 where it started it in USD terms. As we predicted it proved to be a better safe haven than treasuries last year but higher real yields have now changed our view on that. The biggest driver of demand will likely be from central banks who are looking to diversify away from USD holdings. In Q4 2022 China added to its gold reserves for the first time in a decade. A weaker USD, particularly if it driven by a Fed pivot will be the most positive environment for gold but a more hawkish Fed than we expect would be a risk.

We expect that the global economy will likely fall into a recession in 2023, but we do hold out hope that the strong US consumer and services sector prevents a meaningful contraction. While we expect a shallow recession, the speed of the recovery may disappoint as monetary and fiscal support will not be available given persistent inflation and high government debt levels.

Monetary tightening will continue to be a headwind for risk assets. Offsetting tighter conditions are pessimistic investor positioning and better valuations for both equities and bonds following the 2022 selloff. Investors can now achieve attractive nominal returns in credit.

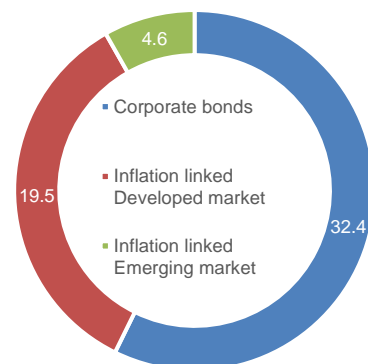
## Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

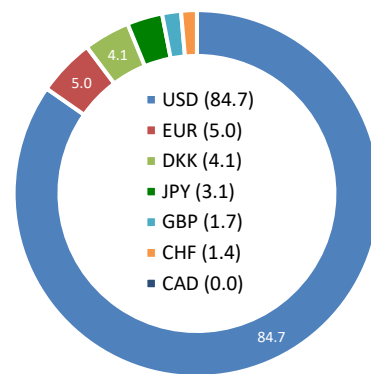
**Target return:** CPI +2% per annum

**Holdings:** 37

## Fixed Income type (% of portfolio)



## Currency (%)



## Performance attribution (%)

	Since inception	1 month
Equity	+23.9	-1.2
Fixed Income	+13.1	+0.0
Commodities	+2.8	+0.2
Alternative	-2.9	+0.0
Cash	+0.2	+0.0

Top 5 contributors	1 month return
NOVO NORDISK A/S-B	+9.9
WT AT1 COCO UCITS ETF USD AC	+3.1
ISHARES PHYSICAL GOLD ETC	+3.7
AP MOLLER-MAERSK A/S-B	+5.4
ACTIVISION BLIZZARD INC	+3.5

Bottom 5 contributors	1 month return
CORTEVA INC	-12.5
APPLE INC	-12.2
ALPHABET INC-CL A	-12.6
EOG RESOURCES INC	-7.7
ISHARES IBOXX INVESTMENT GRA	-1.6

## Portfolio characteristics (%)

Volatility (ex-ante)	9.5
Value at Risk (Monthly 97.5%)	5.1

## Performance indicators

	Plurimi Cautious	Composite Benchmark
Annualised return	5.4	3.3
Annualised volatility	7.0	8.2
Sharpe ratio	0.6	0.3
Best month	4.4	5.7
Worst month	-5.6	-6.7
Max drawdown	-15.6	-16.7

**DISCLAIMER**

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

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