Plurimi Growth Strategy GBP

PLURIMI

December 2022

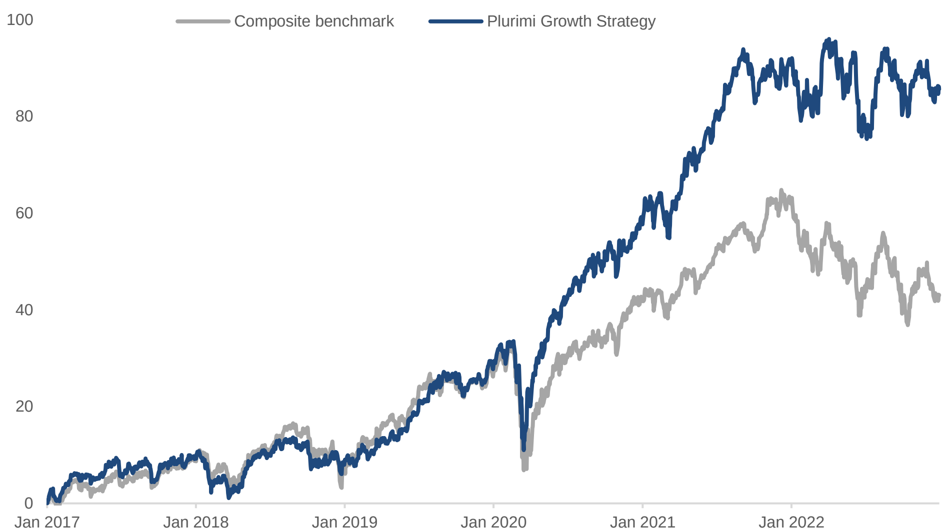
Objectives

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 - Dec 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	3.9	2.2	-3.1	**-2.6**
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 - Dec 2022)
Gross of fees

Source: Bloomberg

Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	11.1	6.4	4.7
Consumer Discretionary	11.5	10.0	1.5
Consumer Staples	7.8	7.9	-0.1
Energy	12.8	5.7	7.1
Financials	10.6	14.2	-3.6
Health Care	16.7	14.6	2.1
Industrials	6.7	10.7	-3.9
Information Technology	10.8	20.2	-9.4
Materials	8.2	4.5	3.7
Real Estate	0.0	2.7	-2.7
Utilities	0.0	3.2	-3.2

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 (%)	5.7
Beta	0.8

Performance indicators (%)

	Strategy	Benchmark
Annualised return	10.9	6.2
Annualised volatility	9.5	10.3
Sharpe ratio	1.1	0.5
Best month	7.0	8.0
Worst month	-7.4	-7.9
Max drawdown	-16.9	-19.4

Holdings (%)

MCKESSON CORP	4.5
EOG RESOURCES INC	3.9
PLUS500 LTD	3.8
CORTEVA INC	3.8
HERMES INTERNATIONAL	3.8
SHELL PLC	3.7
DEERE & CO	3.5
NOVO NORDISK A/S-B	3.1
ACTIVISION BLIZZARD INC	3.1
KDDI CORP	3.0
DANONE	2.9
ARCHER-DANIELS-MIDLAND CO	2.9
3I INFRASTRUCTURE PLC	2.9
ASTRAZENECA PLC	2.6
STELLANTIS NV	2.5
APPLE INC	2.5
HARTFORD FINANCIAL SVCS GRP	2.3
LVMH MOET HENNESSY LOUIS VUI	2.3
ARCELORMITTAL	2.3
ROCHE HOLDING AG-GENUSSCHEIN	2.2
ALPHABET INC-CL A	2.2
ASML HOLDING NV	2.0
PAYPAL HOLDINGS INC	1.9
CAMECO CORP	1.8
EQT AB	1.8
FORTINET INC	1.7
AP MOLLER-MAERSK A/S-B	1.5
WT AT1 COCO ETF GBP HEDGED	6.8
TABULA US ENHANCED INF GBPHA	6.1
SPDR BBG EM INFLATION LINKED	3.7
ISHARES PHYSICAL GOLD ETC	3.1
ABRDN PHYSICAL PLATINUM SHRS	1.6
BRITISH POUND	4.4

Source: Bloomberg

Commentary

The strategy fell by 3.1% during the month, beating its composite benchmark which fell by 4.5%. For 2022 the strategy fell 2.6% which compares to -11.7% for its benchmark.

The MSCI World fell by 5% 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 defendable 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.

The precious metals holdings were positive contributors in December. Gold finished 2022 where it started it in USD terms but was a positive contributor in GBP 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

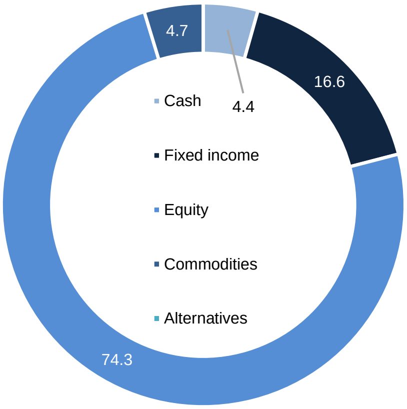
Target return: Composite benchmark +2% p.a.

Holdings: 33

Regional equity exposure (scaled to 100%)

	Strategy	MSCI W	Relative
North America	45.6	69.9	-24.2
Europe ex-UK	36.7	15.3	21.4
UK	13.6	4.7	8.9
Japan	4.0	6.3	-2.2
Asia & EM	0.0	3.9	-3.9

Asset allocation (%)



1 month performance contribution (%)

	Attribution
Communication Services	-0.2
Consumer Discretionary	-0.5
Consumer Staples	-0.1
Energy	-0.7
Financials	-0.3
Health Care	0.1
Industrials	-0.1
Information Technology	-0.9
Materials	-0.6
Real Estate	0.0
Utilities	0.0

Top contributors	Return
NOVO NORDISK A/S-B	8.9
ISHARES PHYSICAL GOLD ETC	2.7
WT AT1 COCO ETF GBP HEDGED	1.3
ACTIVISION BLIZZARD INC	2.5
3I INFRASTRUCTURE PLC	2.8

Bottom contributors	Return
CORTEVA INC	-13.3
APPLE INC	-13.1
EOG RESOURCES INC	-8.5
ALPHABET INC-CL A	-13.5
STELLANTIS NV	-8.6

Equity characteristics

	Strategy	MSCI World
Dividend Yield	3.6	2.6
Price to Earnings Ratio (P/E)	10.2	16.7
Price to Cash Flow Ratio (P/CF)	7.6	11.0
Price to Book Ratio (P/B)	2.2	2.8
Total Debt to Common Equity	37.5	147
Current Ratio	1.3	1.2
Est ROE	15.5	22.7
Op. Income Growth	63.8	8.2
Sales Growth	21.6	9.8
Est P/E	11.9	15.0
Debt/EBITDA	1.1	3.1
Est EV/EBITDA	10.4	10.2
Profit Margin	10.1	10.4
ROC	17.9	7.5

Source: Bloomberg

DISCLAIMER

The information and opinions expressed in this publication were produced by Plurimi Wealth LLP (Plurimi). This publication is intended for information purposes only and does not constitute an offer, a recommendation or an invitation by, or on behalf of Plurimi to make any investments. Opinions and comments of the authors reflect their current views, but not necessarily of other Plurimi entities or any other third party. This publication has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Before entering into any transaction, an investor should consider the suitability of the transaction against their individual circumstances and objectives. Any investment or trading or other decision should only be made after a review of the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. Nothing in this publication constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate for an investor's circumstances, or otherwise constitutes a personal recommendation for any specific investor. Plurimi recommends that you independently assess, with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences. Past performance is not a reliable indicator of future results. Performance forecasts are not a reliable indicator of future performance. An investor may not get back the amount invested or may be required to pay more. Although the information and data herein are obtained from sources believed to be reliable, no representation is made that the information is accurate or complete. Plurimi do not accept liability for any loss arising from the use of this publication. This publication cannot be reproduced or used for any other purpose and can only be distributed in countries where its distribution is legally permitted. This publication may relate to investments or services of an entity/person outside the UK, or to other matters which are not regulated by the FCA, or in respect of which the protections of the FCA for retail clients and/or the UK Financial Services Compensation Scheme may not be available. Further details as to where this may be the case are available on request in respect to this document, please contact your Plurimi Relationship Manager.

Plurimi Wealth LLP, a limited liability partnership, is incorporated in England & Wales with registered number OC326895. Authorised and Regulated by the Financial Conduct Authority ("FCA") 466728.