Plurimi Growth Strategy USD

December 2022

PLURIMI

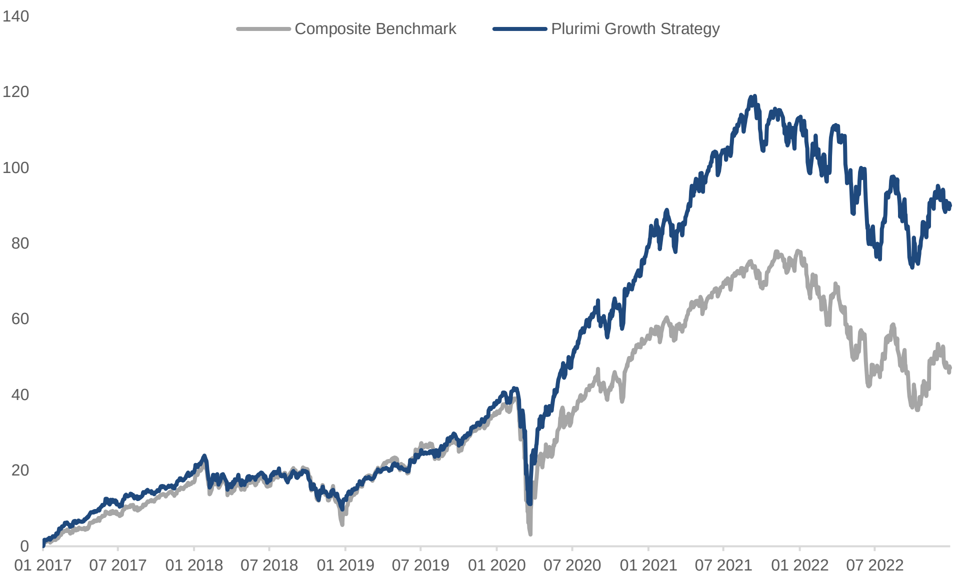
Objectives

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.

Total return (%)



Total return in USD 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	-4.9	0.5	3.2	-6.1	0.8	-9.8	7.7	-1.7	-8.6	6.6	4.9	-2.1	**-10.8**
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 - Dec 2022)
Gross of fees

Source: Bloomberg

Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	10.9	6.4	4.5
Consumer Discretionary	12.0	10.0	2.0
Consumer Staples	6.7	7.9	-1.2
Energy	11.6	5.7	6.0
Financials	7.4	14.2	-6.8
Health Care	19.3	14.6	4.8
Industrials	9.9	10.7	-0.7
Information Technology	11.1	20.2	-9.1
Materials	10.9	4.5	6.4
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	4.4%
Beta	0.9

Performance indicators (%)

	Strategy	Benchmark
Annualised return	11.3	6.6
Annualised volatility	12.0	12.4
Sharpe ratio	0.8	0.4
Best month	8.7	9.4
Worst month	-9.8	-9.4
Max drawdown	-21.6	-25.9

Holdings (%)

MCKESSON CORP	4.5
NOVO NORDISK A/S-B	4.0
HERMES INTERNATIONAL	3.7
CORTEVA INC	3.4
CHEVRON CORP	3.2
NIPPON TELEGRAPH & TELEPHONE	3.1
EOG RESOURCES INC	3.0
DEERE & CO	2.9
PFIZER INC	2.8
ARCHER-DANIELS-MIDLAND CO	2.5
APPLE INC	2.4
STELLANTIS NV	2.4
VISA INC-CLASS A SHARES	2.3
ALPHABET INC-CL A	2.2
LVMH MOET HENNESSY LOUIS VUI	2.2
ARCELORMITTAL	2.2
ACTIVISION BLIZZARD INC	2.1
DANONE	2.1
ROCHE HOLDING AG-GENUSSCHEIN	2.1
AP MOLLER-MAERSK A/S-B	2.0
MOSAIC CO/THE	2.0
ASML HOLDING NV	1.9
NIPPON YUSEN KK	1.9
CAMECO CORP	1.8
CITIGROUP INC	1.8
HARTFORD FINANCIAL SVCS GRP	1.7
EQT AB	1.7
PAYPAL HOLDINGS INC	1.0
WT AT1 COCO UCITS ETF USD	6.8
BERY 4 ⅞ 07/15/26	5.3
SPDR BBG EM INFLATION LINKED	3.1
F 4.346 12/08/26	1.6
SPDR GOLD SHARES	2.7
TABULA US ENHANCED INFLATION	8.0
GS NOTE (EOG and Cameco)	2.8
US DOLLAR	0.9

Source: Bloomberg

Commentary

The strategy fell by 2.1% during the month, beating its composite benchmark which fell by 3.2%. For the year the strategy fell 10.8% vs the benchmark return of -17.7%

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. Shipping companies **Moller Maersk** and **Nippon Yusen** rose by 7% as the market started to price in the potential for China re-opening its economy. Luxury **companies LVMH** and **Hermes** delivered flat returns in the falling market.

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. 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 protect 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. 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

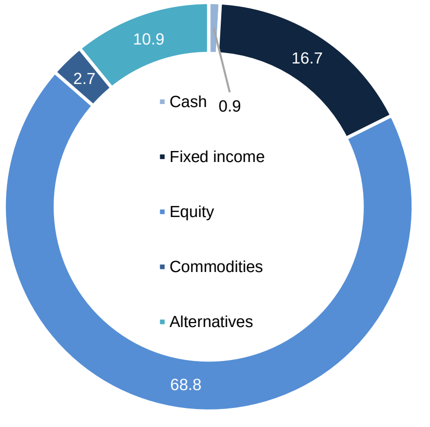
Target return: Composite benchmark +1% p.a.

Holdings: 36

Regional equity exposure (scaled to 100%)

	Strategy	MSCI W	Relative
North America	57.6	69.9	-12.3
Europe ex-UK	35.1	15.3	19.8
UK	0.0	4.7	-4.7
Japan	7.4	6.3	1.1
Asia & EM	0.0	3.9	-3.9

Asset allocation (%)



1 month performance contribution (%)

	Attribution
Communication Services	-0.1
Consumer Discretionary	-0.4
Consumer Staples	-0.1
Energy	-0.4
Financials	-0.3
Health Care	0.3
Industrials	0.2
Information Technology	-0.7
Materials	-0.8
Real Estate	0.0
Utilities	0.0

Top contributors	Return
NOVO NORDISK A/S-B	9.9
WT AT1 COCO UCITS ETF USD	2.4
NIPPON YUSEN KK	8.2
NIPPON TELEGRAPH & TELEPHONE	4.1
AP MOLLER-MAERSK A/S-B	5.4

Bottom contributors	Return
CORTEVA INC	-12.5
APPLE INC	-12.2
MOSAIC CO/THE	-14.5
ALPHABET INC-CL A	-12.6
EOG RESOURCES INC	-7.7

Equity characteristics

	Strategy	MSCI World
Dividend Yield	4.0	2.6
Price to Earnings Ratio (P/E)	7.4	16.7
Price to Cash Flow Ratio (P/CF)	6.9	11.0
Price to Book Ratio (P/B)	2.0	2.8
Total Debt to Common Equity	81.8	147
Current Ratio	1.3	1.2
Est ROE	12.3	22.7
Op. Income Growth	45.5	8.2
Sales Gr	13.5	9.8
Est P/E	10.8	15.0
Debt/EBITDA	2.2	3.1
Est EV/EBITDA	10.8	10.2
Profit Margin	12.4	10.4
ROC	15.5	7.5

Source: Bloomberg

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