

## Objectives

The objective of the Plurimi Balanced strategy is to achieve long-term capital appreciation through investments in a range of asset classes and types of investment vehicles. The strategy is a flexible and seeks to maximise returns vs a composite 50% MSCI World, 25% ICE US Treasury 7-10Y bonds and 25% iBoxx USD Liquid IG corporate bonds benchmark by employing active bottom-up stock selection, and tactical allocations across regions, styles and asset classes.

## Risk and return targets

- Typical beta vs. MSCI World: 0.5
- Beta range: 0.3-0.7
- Return target: Composite benchmark +2 % per annum

## Total return (%)



Total return in USD terms. (Jan 2017 - Feb 2023)  
Gross of fees

Source: PW, Bloomberg

## Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2023</b>	4.1	-2.3											<b>1.7</b>
<b>2022</b>	-3.8	0.3	2.0	-4.9	0.9	-7.6	5.7	-2.0	-7.1	5.0	4.2	-1.5	<b>-9.5</b>
<b>2021</b>	-0.7	1.4	1.2	4.0	2.7	0.9	2.7	2.2	-3.0	1.8	-2.3	2.4	<b>13.9</b>
<b>2020</b>	0.6	-3.3	-3.4	6.6	4.0	1.8	4.6	2.9	-1.1	-1.3	6.2	3.7	<b>22.9</b>
<b>2019</b>	2.4	0.7	1.8	0.8	-0.5	2.8	0.2	2.6	0.0	1.2	1.4	2.4	<b>17.0</b>
<b>2018</b>	1.1	-3.8	-0.2	0.3	0.7	-0.6	0.7	0.3	-0.5	-3.7	1.0	-0.3	<b>-5.1</b>

Total return in USD terms. (Jan 2018 - Feb 2023)  
Gross of fees. Current year and previous five calendar years shown.

Source: PW, Bloomberg

## Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	11.3	6.4	4.9
Consumer Discretionary	21.4	10.0	11.4
Consumer Staples	3.7	7.9	-4.1
Energy	7.4	5.7	1.7
Financials	12.7	14.2	-1.6
Health Care	13.4	14.6	-1.2
Industrials	2.4	10.7	-8.3
Information Technology	20.5	20.2	0.3
Materials	7.2	4.5	2.7
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.

Flexibility to allocate to equities, fixed income, alternatives, commodities and cash.

## 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.

## Relative risk vs composite benchmark

Tracking error (%)	5.0
Beta	0.8

## Performance indicators (%)

	Strategy	Benchmark
Annualised return	8.4	5.7
Annualised volatility	9.4	10.5
Sharpe ratio	0.7	0.4
Best month	6.6	7.6
Worst month	-7.6	-7.4
Max drawdown	-18.1	-22.7

## Holdings (%)

NOVO NORDISK A/S-B	2.6
LVMH MOET HENNESSY LOUIS VUI	2.4
ASML HOLDING NV	2.4
HARTFORD FINANCIAL SVCS GRP	2.4
ACTIVISION BLIZZARD INC	2.2
APPLE INC	2.1
LAS VEGAS SANDS CORP	2.0
STELLANTIS NV	1.9
ARCELORMITTAL	1.8
MERCK & CO. INC.	1.8
HERMES INTERNATIONAL	1.8
VISA INC-CLASS A SHARES	1.7
CHEVRON CORP	1.7
DANONE	1.7
AON PLC-CLASS A	1.7
CITIGROUP INC	1.7
EKG RESOURCES INC	1.6
INFOSYS LTD-SP ADR	1.6
BIOGEN INC	1.6
NIPPON TELEGRAPH & TELEPHONE	1.4
ALPHABET INC-CL A	1.4
ALIBABA GROUP HOLDING-SP ADR	1.4
MOSAIC CO/THE	1.4
PAYPAL HOLDINGS INC	1.3
NIPPON YUSEN KK	1.1
ISHARES IBOX INVESTMENT GRA	5.3
ISHARES 0-5 YR INV GRD CORP	4.5
TII 0 % 07/15/32	4.4
WT AT1 COCO UCITS ETF USD	3.4
DD 4.493 11/15/25	2.9
WFC 3 % 01/24/24	2.8
CS 4 % 08/09/24	2.8
SPDR BBG EM INFLATION LINKED	2.6
VZ 2 % 08/15/26	2.6
F 4.346 12/08/26	0.9
TABULA US ENHANCED INFLATION	10.4
BREXAN HOWARD AB RT G-A1 USD	3.1
SPDR GOLD SHARES	4.0
ABRDN PHYSICAL PLATINUM SHRS	0.7
ABRDN PHYSICAL SILVER SHARES	0.7
USD	4.3

Source: Bloomberg

## Commentary

The strategy fell by 2.3% during the month, beating its composite benchmark which fell by 3.0%.

Global equities moved lower on higher yields and more hawkish pricing of Fed Funds following a string of strong economic numbers. Our strategy owns equities trading at 12.7 forecast earnings, which compares to the MSCI World trading at 15.8.

During the month the strategy's equities fell by 1.9%. We sold **Mckesson** and **Corteva**. **Merck** was added mid month. Its growth looks strong with sales growth of almost 10% our base case. Continued success with cancer drug Keytruda has led to increased EPS estimates in 2023. The stock trades at 15x forecast earnings. **Stellantis** rose by 13%. The carmaker delivered a positive outlook and the market continued to reward European cyclical value companies in February. **Mosaic**, which owns the largest potash reserves in North America, rose by 7%. The USDA's increased corn-planting expectations indicates fertilizer and potash demand could rise. The agency's Agriculture Outlook report suggests 91 million acres of US corn may be planted in 2023 (vs. 88.6 million last year) and 87.5 million acres of soybeans (unchanged). Corn is more nutrient-intensive than soybeans, so a shift to the former could increase demand in a tightening fertilizer market this spring.

**Alphabet**, **Alibaba** were detractors during the month. Alphabet's slowdown in core search business amid a muted ad-spending environment is weighing on its profitability. We expect cloud will be among the main growth drivers in 2023, we believe the segment's improved profitability view amid recent layoffs is key to improved free cash expectations. Alibaba stock has been caught up in worsening US China relations. Both stocks trade below market multiples and we are sticking with the positions. **Mosaic** rose by 7%. **EOG** fell by 15% after announcing disappointing production growth in the fourth quarter of 2022.

The strategy's fixed income positioning was a detractor for the month, but it significantly outperformed Treasuries and the Iboxx Corporate Bond returns of -4%. We are continuing with a less volatile, shorter duration positioning. The recent rise in global government bond yields is being driven by signs of renewed vigour in global service sectors, particularly in the previously lagging euro area and Chinese/Asian economies. That, plus a resilient U.S. economy, bodes poorly for the inflation outlook once the current deceleration phase runs its course over the next six months. Inflation in the UK may prove to be more persistent than Gilt yields are pricing.

Stronger-than-expected macro data have meant that expectations of a 'no landing' scenario instead of even a soft landing have been gaining ground. At the same time, hawkish central banks are making it clear that they may need at least some kind of landing and this has unshackled peak rate expectations. January's higher-than-expected core PCE reading of 4.7% highlights the problem with a no landing scenario for the Fed. We think Fed will need to be more assertive than the ECB, and BoE and this should mean weakness for high multiple US stocks, and a strong USD vs European currencies.

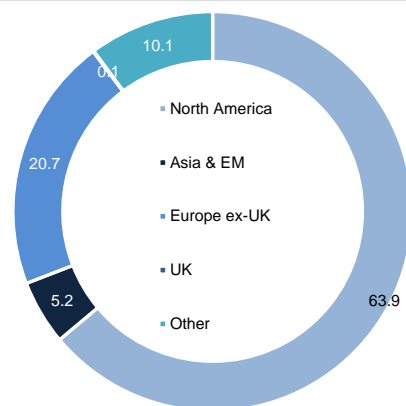
## Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

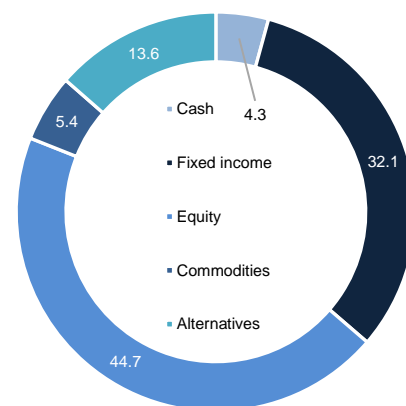
**Target return:** Composite benchmark +2% p.a.

**Holdings:** 41

## Regional exposure (%)



## Asset allocation (%)



## 1 month performance contribution (%)

	Attribution
Cash	0.0
Alternatives	0.0
Commodities	-0.2
Fixed Income	-0.3
Equity	-0.8

Top contributors	Return
STELLANTIS NV	12.5
MOSAIC CO/THE	7.4
NIPPON YUSEN KK	9.7
NOVO NORDISK A/S-B	3.1
DANONE	3.3

Bottom contributors	Return
ALIBABA GROUP HOLDING-SP ADR	-20.3
EOG RESOURCES INC	-14.5
ISHARES IBOXX INVESTMENT GRA	-4.2
SPDR GOLD SHARES	-5.4
PAYPAL HOLDINGS INC	-9.7

## Equity characteristics

	Strategy	MSCI World
Dividend Yield	3.4	2.6
Price to Earnings Ratio (P/E)	10.0	16.7
Price to Cash Flow Ratio (P/CF)	9.5	11.0
Price to Book Ratio (P/B)	2.1	2.8
Total Debt to Common Equity	94.0	147
Current Ratio	1.4	1.2
Est ROE	22.2	22.7
Op. Income Growth	-1.6	8.2
Sales Growth	8.0	9.8
Est P/E	12.7	15.0
Debt/EBITDA	3.1	3.1
Est EV/EBITDA	11.8	10.2
Profit Margin	15.0	10.4
ROC	11.1	7.5

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