Plurimi Growth Strategy USD

April 2023

PLURIMI

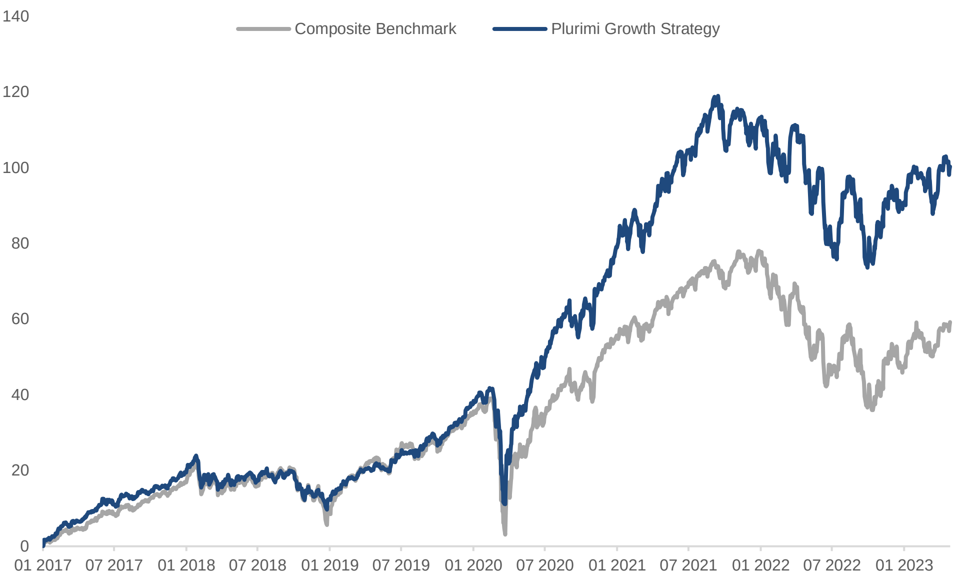
Objectives

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 - Apr 2023)
Gross of fees

Source: Bloomberg

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	4.8	-2.2	2.3	0.5									**5.4**
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**

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

Source: Bloomberg

Equity sector exposure (scaled to 100%)

	Plurimi Growth	MSCI World	+/-
Communication Services	10.8	7.0	3.8
Consumer Discretionary	14.5	10.4	4.1
Consumer Staples	3.4	8.1	-4.7
Energy	7.5	5.1	2.4
Financials	19.2	15.2	4.0
Health Care	16.9	13.6	3.3
Industrials	6.0	10.9	-4.9
Information Technology	13.6	20.0	-6.3
Materials	5.6	4.3	1.2
Real Estate	0.0	2.5	-2.5
Utilities	2.5	3.0	-0.5

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.

Relative risk vs Composite Benchmark

Tracking error	4.4%
Beta	0.9

Performance indicators (%)

	Strategy	Benchmark
Annualised return	11.6	7.6
Annualised volatility	11.9	12.4
Sharpe ratio	0.8	0.5
Best month	8.7	9.4
Worst month	-9.8	-9.4
Max drawdown	-21.6	-25.9

Holdings (%)

NOVO NORDISK A/S-B	4.2
HERMES INTERNATIONAL	4.2
ZOETIS INC	3.4
NIPPON TELEGRAPH & TELEPHONE	3.1
CHEVRON CORP	2.9
APPLE INC	2.9
FORTINET INC	2.7
STELLANTIS NV	2.6
EOG RESOURCES INC	2.6
MITSUBISHI UFJ FINANCIAL GRO	2.6
ALPHABET INC-CL A	2.5
DEERE & CO	2.5
DANONE	2.5
MERCK & CO. INC.	2.5
VISA INC-CLASS A SHARES	2.5
LAS VEGAS SANDS CORP	2.4
BIOGEN INC	2.3
ACTIVISION BLIZZARD INC	2.3
CAPGEMINI SE	2.2
ARCELORMITTAL	2.2
ASML HOLDING NV	2.2
AON PLC-CLASS A	2.0
NIPPON YUSEN KK	1.9
MOSAIC CO/THE	1.9
BANCO BILBAO VIZCAYA ARGENTA	1.8
CITIGROUP INC	1.8
VERBUND AG	1.8
PAYPAL HOLDINGS INC	1.7
HARTFORD FINANCIAL SVCS GRP	1.6
ALIBABA GROUP HOLDING-SP ADR	1.5
WT AT1 COCO UCITS ETF USD	5.8
SPDR BBG EM INFLATION LINKED	2.9
WFC 3 ¾ 01/24/24	2.5
TII 0 ⅝ 07/15/32 2.5	2.5
F 4.346 12/08/26	1.5
SPDR GOLD SHARES	2.8
TABULA US ENHANCED INFLATION	7.9
US DOLLAR	0.7

Source: Bloomberg

Commentary

The strategy rose by 0.5% during the month, lagging its composite benchmark which rose by 1.5%.

Global equities moved higher on strong earnings from large cap technology stocks and abating fears surrounding the banking sector. Technology, and Communication sectors are up by 22% year to date, and are the primary driver of returns.

We sold **Infosys** during the month.

New additions:

Verbund is an electric utility company and operates hydro-electric, thermal, and wind power generators. The stock trades at 10x earnings and offers a dividend yield of 3%. The predictable cash flows and low beta are attractive to us as the global economy slows and equity markets moving to higher valuations.

Hermes rose by 8%. Revenue growth continues to improve, and €15 billion in sales next year is a realistic target. **Banco Bilbao Vizcaya Argentaria** rebounded from a poor March, and rose by 7%. At month end it announced profit rose more than expected in the first three months of the year as official interest-rate hikes helped offset a new windfall tax and a rise in costs. The stock trades only 6.5x forecast earnings and it pays a dividend yield of 6.5%. **Merck, Biogen and Novo Nordisk** all delivered strong returns in April as the healthcare sector outperformed the broader market and all of those stocks outperformed the sector return. **Las Vegas Sands** moved 10% higher on continued reopening of travel and growing gaming revenues in Macau.

Stock selection in technology and communications sectors was a negative in April. The sectors rallied but our positions lagged the market. **ASML** fell by 7% in April. Its earnings and revenues met market expectations but Extreme ultraviolet lithography sales were slightly below consensus. The company continues to have a significant order backlog of 3.8 billion euros and the company has provided guidance that it will generate gross margins of more than 50% in 2023. **Activision** fell by 9% as the UK competition authority vetoed the acquisition by Microsoft. **Infosys** fell by 15% was sold following a disappointing earnings release and weak guidance. **Alibaba** was a large detractor falling by 17%. The near term profit outlook may be impaired by cloud service price cuts, as it attempts to defend market share and focus on longer-term growth. The stock has fallen to 11x forecast earnings, which looks like good value to us despite geo-political risks relating to US/China relations.

Fixed income holdings were up for the month with falling treasury yields. Small positive returns from corporate bonds were offset by weakness in in non-GBP holdings. The SPDR EM Inflation ETF fell by 2%, driven largely by EM currency weakness.

The market outlook for the coming months will likely be shaped by the interaction between, Growth, Inflation and Liquidity. Growth indicators have held up well, due to China's reopening, and a strong consumer in the developed world. Western economies are likely to slow over the coming 3-6 months as the credit tightening bites, and as long as central banks continue tightening. We question if inflation will come down fast enough to let central banks stop before they break anything? Liquidity is once again being drained from the financial system by central banks. A continued contraction will add downside pressure to risk assets and expose hidden tail risks, especially in a slowing economy.

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

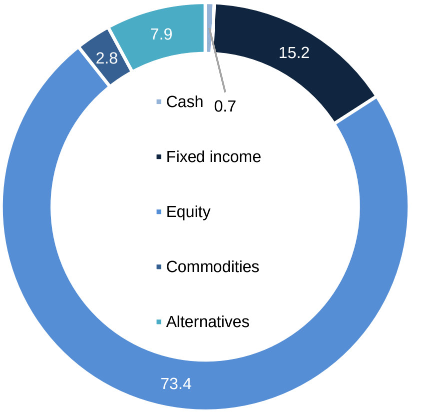
Target return: Composite benchmark +1% p.a.

Holdings: 37

Regional equity exposure (scaled to 100%)

	Strategy	MSCI W	Relative
North America	55.2	69.6	-14.4
Europe ex-UK	32.4	16.0	16.4
UK	0.0	4.4	-4.4
Japan	10.3	6.1	4.3
Asia & EM	2.1	4.0	-1.9

Asset allocation (%)



1 month performance contribution (%)

	Attribution
Communication Services	-0.1
Consumer Discretionary	0.2
Consumer Staples	0.1
Energy	0.2
Financials	0.3
Health Care	0.8
Industrials	-0.2
Information Technology	-0.6
Materials	-0.3
Real Estate	0.0
Utilities	0.0

Top contributors	Return
HERMES INTERNATIONAL	7.7
LAS VEGAS SANDS CORP	11.1
BIOGEN INC	9.4
NOVO NORDISK A/S-B	5.2
MERCK & CO. INC.	8.5

Bottom contributors	Return
INFOSYS LTD-SP ADR	-15.0
ALIBABA GROUP HOLDING-SP ADR	-17.1
DEERE & CO	-8.4
ACTIVISION BLIZZARD INC	-9.2
ASML HOLDING NV	-6.5

Equity characteristics

	Strategy	MSCI World
Dividend Yield	3.4	2.4
Price to Earnings Ratio (P/E)	10.2	18.8
Price to Cash Flow Ratio (P/CF)	10.0	12.7
Price to Book Ratio (P/B)	2.0	2.9
Total Debt to Common Equity	185	145
Current Ratio	1.3	1.2
Est ROE	28.5	34.6
Op. Income Growth	3.6	-5.8
Sales Gr	9.6	6.4
Est P/E	12.4	16.3
Debt/EBITDA	3.2	3.3
Est EV/EBITDA	12.8	11.0
Profit Margin	15.1	9.3
ROC	7.1	7.0

Source: Bloomberg

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