

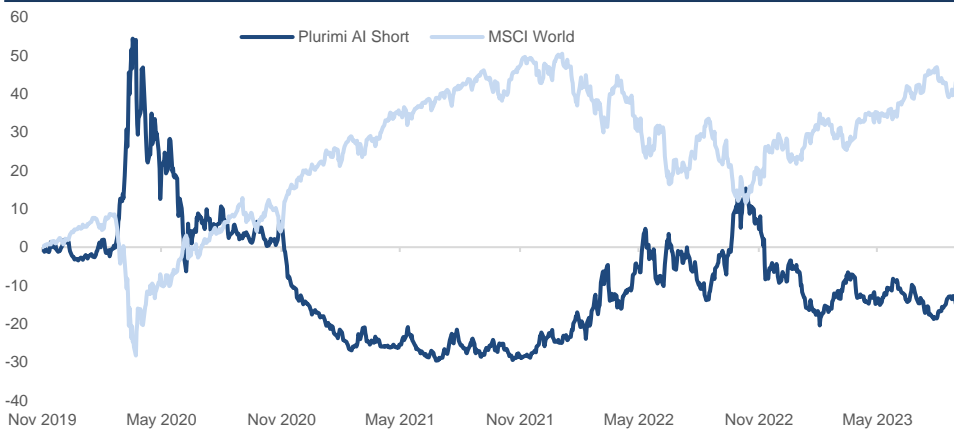
Objectives

The objective of the Plurimi AI Short Equity Strategy is to achieve appreciation through short selling a portfolio of global stocks. The strategy is always fully invested and rebalanced monthly with stock selection driven by artificial intelligence with machine learning techniques. The strategy can be implemented in isolation or in combination with a long equity strategy to create market neutral returns.

Risk and return targets

- Typical Beta range -0.9 to -1.3
- Return target: +4% - MSCI World over a market cycle

Total return (%)



Total return in USD terms. (1 Nov 2019 - 31 Aug 2023)
Gross of all fees

Source: Bloomberg/PW

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023 Plurimi AI Short	-11.8	5.2	-0.5	-1.9	7.3	-5.2	-5.9	4.7					-9.3
MSCI World	7.1	-2.4	3.2	1.8	-0.9	6.1	3.4	-2.3					16.6
2022 Plurimi AI Short	6.4	3.1	4.2	10.4	-4.0	8.7	-7.6	4.8	17.3	-4.8	-13.7	1.7	25.0
MSCI World	-5.3	-2.5	2.8	-8.3	0.1	-8.6	8.0	-4.1	-9.3	7.2	7.0	-4.2	-17.7
2021 Plurimi AI Short	-4.1	-1.6	-3.1	-0.4	-2.2	-2.5	6.3	-4.4	3.6	-3.4	4.6	-0.6	-8.2
MSCI World	-1.0	2.6	3.4	4.7	1.5	1.5	1.8	2.5	-4.1	5.7	-2.2	4.3	21.8
2020 Plurimi AI Short	4.7	10.5	20.7	-14.9	-2.7	-4.3	2.7	-7.4	2.5	1.6	-18.0	-6.3	-15.8
MSCI World	-0.6	-8.4	-13.2	11.0	4.9	2.7	4.8	6.7	-3.4	-3.0	12.8	4.3	16.5
2019 Plurimi AI Short											-0.3	-2.6	-2.9
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 31 Aug 2023)
Gross of all fees and borrowing costs

Source: Bloomberg/PW

Sector exposure (%)

	AI Short	MSCI W	+/-
Communication Services	-16.7	7.3	9.4
Consumer Discretionary	-7.0	11.0	-4.0
Consumer Staples	-9.7	7.2	2.5
Energy	-3.2	4.9	-1.6
Financials	-6.7	14.7	-8.0
Health Care	-16.8	12.7	4.1
Industrials	-3.4	10.9	-7.5
Information Technology	0.0	22.2	-22.2
Materials	-9.9	4.1	5.8
Real Estate	-19.8	2.4	17.4
Utilities	-6.8	2.6	4.2

Regional allocation

	AI Short	MSCI W	+/-
North America	53.2	71.6	-18.4
UK	9.7	3.9	5.9
Switzerland	0.0	3.1	-3.1
Rest of Europe	20.0	11.6	8.4
Japan	13.9	6.1	7.7
Asia & EM	3.2	3.7	-0.5

Key points

Bottom-up stock selection driven by Artificial Intelligence (AI) and machine learning. Evaluating more than 5000 global stocks from 45 countries.

Objective stock selection process removes human emotion and behavioural biases.

Portfolio characteristics significantly underweight AI score, value, quality, and momentum stocks.

Key risks

Capital is at risk. Equity markets are volatile and the stocks in the strategy may rise leading to capital losses for this strategy. Stocks may rise by much more than 100%, which would lead to a larger loss than size of investment. The strategy is a focused portfolio and not as diversified as the benchmark. Returns of the strategy are impacted by borrowing costs, and shorts may be bought in, which may lead to capital losses.

Relative risk vs MSCI World (ex-ante)

Tracking error vs. short MSCI World	8.0%
Beta	1.0
AI predicted alpha	+3.5%

Performance indicators

	AI Short	MSCI World
Annualised return	-4.1	9.9
Annualised volatility	25.9	18.9
Sharpe ratio	-0.2	0.4
Best month	20.7	12.8
Worst month	-18.0	-13.2
Max drawdown	-54.4	-34.0

Holdings

	(%)
RAKUTEN GROUP INC	-3.6
WARNER BROS DISCOVERY INC	-3.5
DAIICHI SANKYO CO LTD	-3.5
TAKEDA PHARMACEUTICAL CO LTD	-3.5
EDP RENOVAVEIS SA	-3.4
AT&T INC	-3.4
WELLTOWER INC	-3.4
FORD MOTOR CO	-3.4
BAYER AG-REG	-3.4
SVENSKA HANDELSBANKEN-A SHS	-3.4
EXELON CORP	-3.4
EAST JAPAN RAILWAY CO	-3.4
NORTHERN TRUST CORP	-3.3
INTL FLAVORS & FRAGRANCES	-3.3
SIMON PROPERTY GROUP INC	-3.3
REALTY INCOME CORP	-3.3
ALNYLAM PHARMACEUTICALS INC	-3.3
TYSON FOODS INC-CL A	-3.3
DIGITAL REALTY TRUST INC	-3.3
CARREFOUR SA	-3.3
BASF SE	-3.3
CHARTER COMMUNICATIONS INC-A	-3.3
ANGLO AMERICAN PLC	-3.3
VODAFONE GROUP PLC	-3.2
TELEFONICA SA	-3.2
KINDER MORGAN INC	-3.2
BRITISH LAND CO PLC	-3.2
CHINA VANKE CO LTD-H	-3.2
MODERNA INC	-3.2
WALGREENS BOOTS ALLIANCE INC	-3.2

Source: Bloomberg/PW

Commentary

The strategy rose 4.7% in August, amid a fall of 2.3% from the MSCI World.

Anglo American was added early in the month, and it fell 5% after its addition. After disappointing operational performance in 2022, Anglo needs to restore market confidence that volume can be delivered. The higher capital requirement and slower ramp-up of the Woodsmith mine, alongside weaker palladium prices may also detract from the growth advantage.

China Vanke was the strongest contributor, falling 17%. The Chinese property market faces a lot of headwinds. China's post-pandemic economic recovery has faltered in recent months, as exports weakened, and a housing crisis intensified. Signs of financial stress are aplenty. China Vanke's sales reached RMB246 billion over the first eight months of 2023, down 12% YoY and underperforming the average 6% YoY growth posted by state-owned companies, owing primarily to the inactive investment since 2020. **International Flavors & Fragrances** fell 17%. IFF is facing market headwinds (primarily functional ingredients destocking), which led to a large cut in guidance in early August. Key risks going forward include impacts of the lower demand, ongoing price/cost headwinds, high working capital due to elevated inventory, integration of the N&B platform, elevated debt levels, failure to address a more diverse and larger customer base, and failure to develop new products meeting customer needs.

Walgreens Boots Alliance fell by 14%. Walgreens' outlook is murky as CEO Steps Down, and guidance was reduced. Rosalind Brewer's departure after 2 1/2 years, coupled with expectations for fiscal 2023 EPS to be at or near the low end of its range, likely signals that Walgreens will miss its midterm targets. The stock price has fallen more than 50% during Brewer's tenure as CEO, which was marked by the decision to move into services via VillageMD. With the CFO seat also held by an interim executive, it's difficult to be constructive on the company's path forward on a strategic or financial basis.

Charter communications was the largest detractor, rising by 8%. We continue to short the stocks as we think the pandemic created a surge in broadband demand but the pull-forward and competition are causing a significant slowdown, though additions could improve in 2023 on network upgrades.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: +4% - MSCI World

Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	4.8	2.3
Price to Earnings Ratio (P/E)	25	19.7
Price to Cash Flow Ratio (P/CF)	9.7	14.0
Price to Book Ratio (P/B)	1.1	3.0
Total Debt to Common Equity	177	145
Current Ratio	1.1	1.2
Est ROE	-13.1	29.5
Operating Income Growth	52	-1.5
Sales Growth	-1.8	5.3
Est P/E	14.4	16.8
Debt/EBITDA	6.5	3.2
Est EV/EBITDA	7.8	11.3
Profit Margin	1.0	9.6
ROC	3.5	7.2

Characteristics are shown for each stock in the strategy vs. the MSCI World. As the strategy shorts stocks, items such as a dividend yield are a measure of what needs to be paid, rather than what is received as a yield.

1 month performance contribution (%)

	Attribution
Communication Services	-0.1
Consumer Discretionary	0.3
Consumer Staples	0.8
Energy	0.1
Financials	0.5
Health Care	0.3
Industrials	0.0
Information Technology	0.0
Materials	0.9
Real Estate	1.1
Utilities	0.3

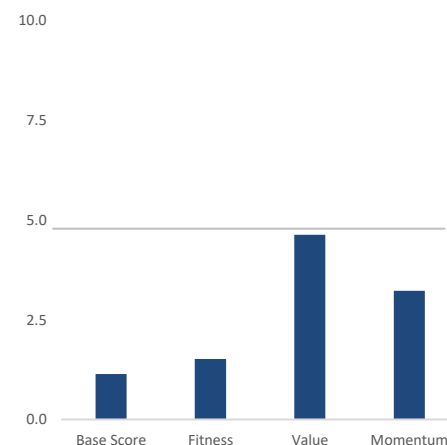
Source: PW/Bloomberg

Top contributors	Return
CHINA VANKE CO LTD-H	-17.1
INTL FLAVORS & FRAGRANCES	-16.7
WALGREENS BOOTS ALLIANCE INC	-14.0
SIMON PROPERTY GROUP INC	-8.9
FORD MOTOR CO	-8.2

Bottom contributors	Return
CHARTER COMMUNICATIONS INC-A	8.1
DIGITAL REALTY TRUST INC	5.7
AT&T INC	1.9
WELLTOWER INC	1.6
ALNYLAM PHARMACEUTICALS INC	1.2

Source: PW/Bloomberg

Style characteristics (5 is neutral with Index)



Source: BW/PW

P L U R I M I

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