Plurimi Growth Strategy USD

August 2023

PLURIMI

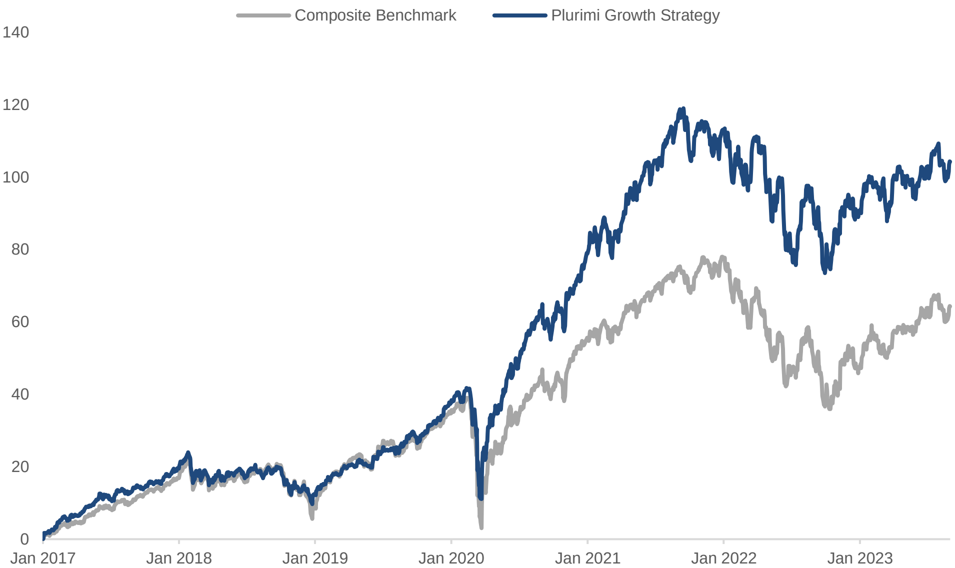
Objectives

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 - Aug 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	-3.2	4.6	3.2	-2.4					**7.5**
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 - Aug 2023). Gross of fees. Current year and previous five calendar years shown. Past performance is not a reliable indicator of future results

Source: Bloomberg

Equity sector exposure (scaled to 100%)

	Plurimi Growth	MSCI World	+/-
Communication Services	7.9	7.3	0.6
Consumer Discretionary	16.0	11.0	5.0
Consumer Staples	7.0	7.2	-0.2
Energy	7.8	4.9	3.0
Financials	16.4	14.7	1.7
Health Care	15.3	12.7	2.6
Industrials	10.0	10.9	-0.9
Information Technology	16.5	22.2	-5.8
Materials	3.0	4.1	-1.0
Real Estate	0.0	2.4	-2.4
Utilities	0.0	2.6	-2.6

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	11.3	7.7
Annualised volatility	11.9	12.3
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	3.3
ZOETIS INC	3.0
ALPHABET INC-CL A	3.0
EOG RESOURCES INC	2.8
APPLE INC	2.8
HERMES INTERNATIONAL	2.7
STELLANTIS NV	2.7
ASAHI GROUP HOLDINGS LTD	2.6
RECRUIT HOLDINGS CO LTD	2.6
VISA INC-CLASS A SHARES	2.6
CHEVRON CORP	2.6
ADOBE INC	2.5
ACTIVISION BLIZZARD INC	2.5
DEERE & CO	2.4
CAPGEMINI SE	2.3
ASML HOLDING NV	2.3
DANONE	2.2
ROCHE HOLDING AG-GENUSSCHEIN	2.1
BIOGEN INC	2.1
ARCELORMITTAL	2.1
AON PLC-CLASS A	2.0
LAS VEGAS SANDS CORP	2.0
AMAZON.COM INC	2.0
BANCO BILBAO VIZCAYA ARGENTA	1.9
MITSUBISHI CORP	1.8
HARTFORD FINANCIAL SVCS GRP	1.7
ALIBABA GROUP HOLDING-SP ADR	1.6
CITIGROUP INC	1.5
PAYPAL HOLDINGS INC	1.5
MICROSOFT CORP	1.4
WT AT1 COCO UCITS ETF USD	5.9
TII 0 ⅝ 07/15/32	5.0
ISHARES CORPORATE BOND 0-5 YEARS	4.9
US TREASURY 3 MONTH BILL ETF	3.1
F 4.346 12/08/26	1.5
SPDR GOLD SHARES	2.7
TABULA US ENHANCED INFLATION	7.7
US DOLLAR	0.6

Source: Bloomberg

Commentary

The strategy fell by 2.4% during the month, lagging its composite benchmark which fell by 1.9%.

During the month we sold Fortinet, Merck, and Nippon T&T.

The strategy`s equities were down by 3.1% in August, lagging the MSCI World return of -2.3%. **Roche** was added early in the month. Roche has been a poor performer this years as it has a major headwind in the form of 5 billion francs of Covid-19-related revenue recorded in 2022 that isn't expected to recur, making 2023 something of a transition earnings year. 2023 also brings a new CEO and new Pharma and Diagnostic heads for the market to assess. The stock has traditionally traded at a premium to peers but has fallen to a discount for the reasons listed. We think this represents a good entry point before the company's Analyst day in September where it will discuss its pipeline of new drugs. The stock trades at less than 15x forecast earnings and pays a Swiss Franc yield of 3.5%. R**ecruit Holdings** provides human resource technology, marketing media, and temporary staffing services. The company continues to reduce costs and focus on profitability. Revenue from paid job advertisements is stagnant but the company is consistently buying back shares and it is trading at 13x EV/Ebitda which is a discount to peers. **Amazon** was added towards the end of the month as the stock pulled back from July highs. Amazon's growing ad business and continued strength from Amazon Web Services should lead to more strong results. Cost cuts and resilient pricing are producing improved margins. Pharmacy and growth in grocery are potential upside revenue generators. The stock continues to trade at elevated multiples, but at 20x 2026 forecast earnings there is a prospect for realistic upside should the company beat expectations.

Novo Nordisk is the strategy's largest weight and its best performer in August. The stock rallied by 15% on positive trials results for weight loss drug Ozempic. Its use reduced symptoms of heart failure in obese patients in a first-of-its-kind clinical trial. Scientists are investigating more future applications for the drug beyond its current usage. It has prospects to be used as an insurable health related drug, expanding its use beyond vanity. **Aon** rose by 5%. The Company is comprised of risk and insurance brokerage consulting. It has produced better margin and growth than large peers, and following the failed acquisition of Willis Towers Watson it can focus on organic growth. Market conditions should be accommodative in the near term, but costs are rising. Aon's target for mid-single-digit or higher organic revenue growth in 2023 seems fair. **Visa** rose by 4%. Visa and Mastercard Inc. are planning to boost the fees that many retailers pay when accepting customers' credit and debit cards. The additional Visa charges are slated to begin in October for online transactions, followed in April by new fees for commercial credit, debit and prepaid cards.

Fortinet was the largest detractor, falling 25% after it missed consensus earnings and revenue estimates. We removed the stock shortly after the announcement. **Paypal** fell 18% on reported 2Q23 revenue which was down 8% but it delivered EPS in-line with expectations. The stock trades at attractive multiples and continues to deliver attractive top line growth.

The strategy`s shorter duration stance in fixed income delivered negative returns but outperformed the fixed income portion of the benchmark. We increased the weight in the 0-5 years iShares Core USD corporate bond etf during the month on attractive yields, particularly at the front end of the curve. We marginally reduced the holding in Gold, as rising real yields on Treasuries may prove to be a headwind for gold prices from here.

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

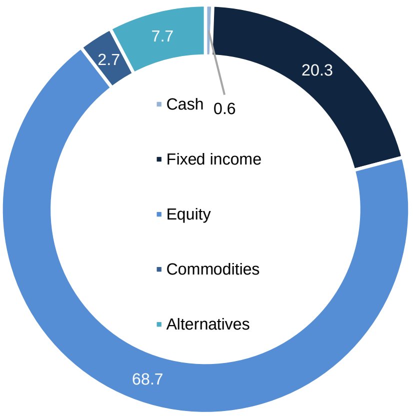
Target return: Composite benchmark +1% p.a.

Holdings: 38

Regional equity exposure (scaled to 100%)

	Strategy	MSCI W	Relative
North America	55.9	71.6	-15.6
Europe ex-UK	31.4	14.7	16.7
UK	0.0	3.9	-3.9
Japan	10.2	6.1	4.1
Asia & EM	2.4	3.7	-1.3

Asset allocation (%)



1 month performance contribution (%)

	Equity Attribution
Communication Services	0.0
Consumer Discretionary	-0.8
Consumer Staples	-0.1
Energy	-0.1
Financials	-0.3
Health Care	0.4
Industrials	0.0
Information Technology	-0.9
Materials	-0.2
Real Estate	0.0
Utilities	0.0

Top contributors	Return
NOVO NORDISK A/S-B	15.4
RECRUIT HOLDINGS CO LTD	5.5
AON PLC-CLASS A	4.7
VISA INC-CLASS A SHARES	3.5
ALPHABET INC-CL A	2.6

Bottom contributors	Return
FORTINET INC	-24.6
PAYPAL HOLDINGS INC	-17.6
STELLANTIS NV	-9.3
CITIGROUP INC	-12.4
HERMES INTERNATIONAL	-7.2

Equity characteristics

	Strategy	MSCI World
Dividend Yield	2.5	2.3
Price to Earnings Ratio (P/E)	14.7	19.7
Price to Cash Flow Ratio (P/CF)	13.8	14.0
Price to Book Ratio (P/B)	2.3	3.0
Total Debt to Common Equity	124.0	145
Current Ratio	1.3	1.2
Est ROE	12.9	29.5
Op. Income Growth	-10.7	-1.5
Sales Gr	2.8	5.3
Est P/E	13.3	16.8
Debt/EBITDA	3.3	3.2
Est EV/EBITDA	14.8	11.3
Profit Margin	11.0	9.6
ROC	5.9	7.2

Source: Bloomberg

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