

Objectives

The objective of the Plurimi AI global equity strategy is to achieve long-term capital appreciation through investments in global stocks. The strategy is always fully invested and seeks to maximise returns vs. the MSCI World benchmark by employing active bottom-up stock selection, which is driven by artificial intelligence with machine learning techniques, and discretionary top-down regional and style allocations.

Risk and return targets

- Typical beta: 1.0
- Beta range 0.9-1.1
- Return target: MSCI World +3% per annum over a market cycle

Total return (%)



Total return in USD terms. (30 Nov 2018 - 29 Sep 2023)
Gross of all fees

Source: Bloomberg/PW

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023 PW AI	7.0	-1.4	2.6	0.8	-4.0	6.7	3.8	-3.2	-4.8				6.8
MSCI W	7.1	-2.4	3.2	1.8	-0.9	6.1	3.4	-2.3	-4.3				11.6
2022 PW AI	-7.1	-0.3	4.2	-8.2	1.8	-12.6	9.1	-2.5	-9.7	8.2	5.9	-3.8	-16.5
MSCI W	-5.3	-2.5	2.8	-8.3	0.1	-8.7	8.0	-4.1	-9.3	7.2	7.0	-4.2	-17.9
2021 PW AI	0.5	1.5	2.5	5.2	2.7	2.1	3.0	4.1	-4.6	3.5	-3.1	3.4	22.4
MSCI W	-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 PW AI	-0.2	-7.0	-9.7	9.9	8.9	4.3	6.7	4.5	-2.3	-0.9	10.4	7.6	34.4
MSCI W	-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 PW AI	10.4	4.5	2.9	2.7	-5.2	7.8	0.7	-1.3	1.7	4.2	2.3	4.7	40.5
MSCI W	7.8	3.1	1.4	3.6	-5.7	6.7	0.5	-2.0	2.2	2.6	2.8	3.0	28.5
2018 PW AI												-3.6	-3.6
MSCI W												-7.6	-7.6

Total return in USD terms. (30 Nov 2018 - 29 Sep 2023)
Gross of all fees

Source: Bloomberg/PW

Sector exposure (%)

	PW AI	MSCI W	+/-
Communication Services	8.2	7.3	0.9
Consumer Discretionary	16.1	10.9	5.2
Consumer Staples	5.9	7.2	-1.3
Energy	8.7	5.2	3.5
Financials	18.4	15.0	3.4
Health Care	14.2	12.8	1.4
Industrials	8.4	10.8	-2.4
Information Technology	17.1	21.7	-4.6
Materials	2.9	4.1	-1.2
Real Estate	0.0	2.3	-2.3
Utilities	0.0	2.6	-2.6

Regional allocation

	PW AI	MSCI W	+/-
North America	56.3	71.4	-15.2
UK	4.7	4.0	0.7
Switzerland	3.0	3.0	0.0
Rest of Europe	24.9	11.6	13.3
Japan	8.6	6.2	2.4
Asia & EM	2.5	3.7	-1.2

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.

Top-down region and style allocations.

Portfolio characteristics skewed towards value, quality, and momentum stocks.

Key risks

Capital is at risk. Equity markets are volatile and the stocks in the strategy may outperform or underperform the benchmark. The strategy is a focused portfolio and not as diversified as the benchmark. The strategy takes significant regional and sector differences from the benchmark which are intended to improve returns but can lead to capital loss.

Relative risk vs MSCI World (ex-ante)

Tracking error (%)	5.0
Beta	1.1
AI predicted alpha (%)	2.4
Active share (%)	87.6

Performance indicators

	PW AI	MSCI World
Annualised return	15.2	9.5
Annualised volatility	18.5	18.3
Sharpe ratio	0.7	0.4
Best month	10.4	12.8
Worst month	-12.6	-13.2
Max drawdown	-30.5	-34.0

Holdings

	(%)
NOVO NORDISK A/S-B	4.8
SHELL PLC	4.7
ALPHABET INC-CL C	4.3
STELLANTIS NV	4.1
EOG RESOURCES INC	4.0
HERMES INTERNATIONAL	4.0
ACTIVISION BLIZZARD INC	4.0
ADOBE INC	3.9
APPLE INC	3.9
BANCO BILBAO VIZCAYA ARGENTA	3.7
ZOETIS INC	3.4
AON PLC-CLASS A	3.4
APPLIED MATERIALS INC	3.3
VISA INC-CLASS A SHARES	3.2
MICROSOFT CORP	3.2
ASAHI GROUP HOLDINGS LTD	3.2
AMAZON.COM INC	3.1
BIOGEN INC	3.0
HARTFORD FINANCIAL SVCS GRP	3.0
DEERE & CO	3.0
ROCHE HOLDING AG-GENUSSCHEIN	3.0
ARCELORMITTAL	2.9
RECRUIT HOLDINGS CO LTD	2.8
DANONE	2.8
CAPGEMINI SE	2.7
CITIGROUP INC	2.7
MITSUBISHI CORP	2.6
ALIBABA GROUP HOLDING-SP ADR	2.5
PAYPAL HOLDINGS INC	2.4
LAS VEGAS SANDS CORP	2.4

Source: Bloomberg/PW

Commentary

The strategy was down by 4.8% in September, lagging the MSCI World return of -4.3%.

During the month we sold ASML.

Applied Materials was added. Applied Materials sales should be solid in 2024 due to rising demand for Internet of Things (IoT), communication, automotive and power chip (ICAP) customers. Demand from foundry customers such as TSMC might also remain robust due to technology development for the 5- and 3-nanometer processes. Demand from memory-chip customers such as Micron and SK hynix could grow long term due to advanced memory chips for AI servers. Applied Materials' advanced tools may help chip customers improve performance, power, area cost and time to market, leading to robust sales and profit growth in the next four to five years. The stock trades at 17.7x forecast earnings, which is in line with the broader market, but the stock offers higher growth in our opinion.

Shell rose 4% benefitting from higher energy prices. The WTI oil price rose by 10% to \$91/bbl in September after the Organization of Petroleum Exporting Countries and its allies curbed crude supplies, Russia banned exports of diesel and official US data confirmed a collapse in crude stockpiles at the vital hub in Cushing, Oklahoma. The company's best-in-class cash generation is translating into a sustained strong buyback pace this year, complemented by a gradual dividend recovery, and driving a 2023 distribution yield of about 12%. **Stellantis** bucked the market sell-off and headwinds from striking UAW members, and rose by 4% in September. The company has a long-term strategic plan to double revenue by 2030, partly by taking EV market share, and to generate €20 billion of software revenue. This appears optimistic but an undemanding valuation may indicate this is not priced into the stock. **Activision** rose by 2% on positive indications that the UK regulator may allow the takeover by Microsoft to proceed following concessions made regarding cloud gaming.

Las Vegas Sands fell 16% and **Hermes** fell 11% during the month. Stocks with exposure to the Chinese consumer were significantly down in September. Recruit Holdings fell 14%. The company provides human resource technology, marketing media, and temporary staffing services. The current valuation looks low compared with the stock's historical multiples, based on what may be overly pessimistic views for job seeker numbers.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: MSCI World +3% p.a.

Holdings: 30

Portfolio characteristics

	AI PW	MSCI World
Dividend Yield	2.2	2.4
Price to Earnings Ratio (P/E)	13.5	18.8
Price to Cash Flow Ratio (P/CF)	12.7	13.5
Price to Book Ratio (P/B)	2.1	2.9
Total Debt to Common Equity	133	145
Current Ratio	1.4	1.2
Est ROE	13.3	37.8
Operating Income Growth	-10	-1.3
Sales Growth	3.9	5.9
Est P/E	12.2	16.1
Debt/EBITDA	3.3	3.2
Est EV/EBITDA	13.4	10.9
Profit Margin	10.8	9.6
ROC	5.7	7.2

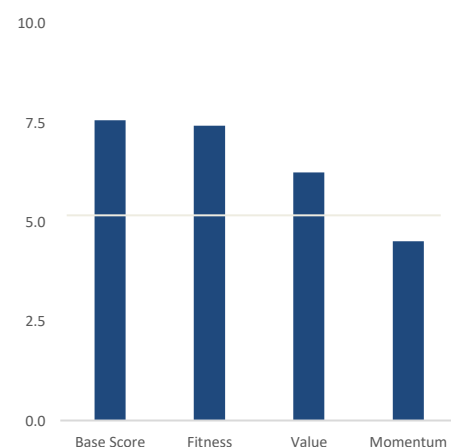
1 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	-0.1	SHELL PLC	4.2
Consumer Discretionary	-1.2	STELLANTIS NV	3.5
Consumer Staples	-0.3	BANCO BILBAO VIZCAYA ARGENTA	3.5
Energy	0.1	ACTIVISION BLIZZARD INC	1.8
Financials	-0.4		
Health Care	-0.7		
Industrials	-0.7		
Information Technology	-1.4		
Materials	-0.2		
Real Estate	0.0		
Utilities	0.0		
		Bottom contributors	Return
		HERMES INTERNATIONAL	-11.2
		LAS VEGAS SANDS CORP	-16.4
		RECRUIT HOLDINGS CO LTD	-13.6
		ADOBE INC	-8.8
		APPLE INC	-8.9

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

P L U R I M I

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