

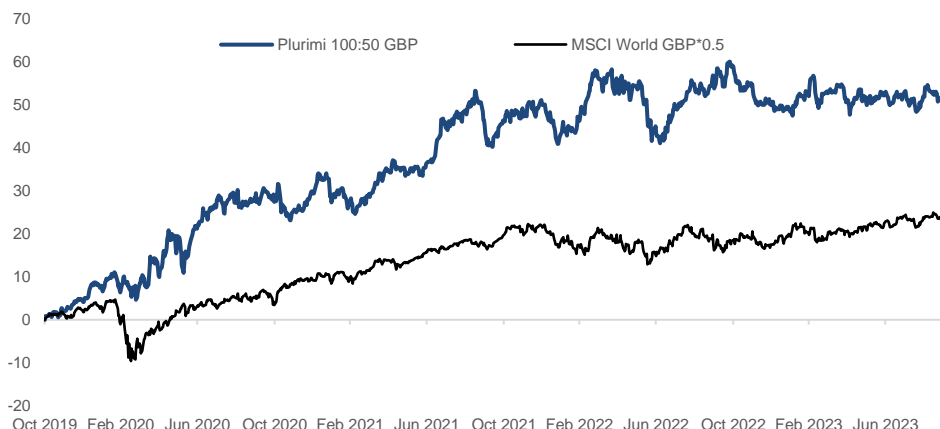
**Objectives**

The objective of the Plurimi AI Long/Short Equity Strategy is to achieve capital appreciation through a combination of owning a portfolio of global stocks with attractive valuation, growth and quality factors and shorting stocks with poor quality, momentum and value characteristics. The strategy combines a 100% allocation to the Plurimi Global Equity strategy and 50% allocation to the Plurimi AI short strategy and is rebalanced monthly. Stock selection is driven by artificial intelligence with machine learning techniques.

**Risk and return targets**

- Typical Beta range 0.3 to 0.6
- Return target: 50% of MSCI World return + 5% per annum

**Total return (%)**



**Monthly performance (%)**

| Performance                       | Jan         | Feb         | Mar        | Apr         | May         | Jun         | Jul        | Aug         | Sep         | Oct         | Nov         | Dec         | Year        |
|-----------------------------------|-------------|-------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>2023 Plurimi AI Long Short</b> | <b>-0.6</b> | <b>1.9</b>  | <b>0.6</b> | <b>-1.5</b> | <b>-0.5</b> | <b>2.1</b>  | <b>0.0</b> | <b>-0.8</b> | <b>-0.5</b> |             |             |             | <b>0.8</b>  |
| MSCI W*0.5                        | 2.3         | -0.4        | 0.5        | 0.1         | 0.2         | 1.7         | 1.1        | -0.4        | -0.3        |             |             |             | <b>4.9</b>  |
| <b>2022 Plurimi AI Long Short</b> | <b>-4.1</b> | <b>1.8</b>  | <b>6.6</b> | <b>-1.4</b> | <b>-0.1</b> | <b>-6.7</b> | <b>4.8</b> | <b>2.0</b>  | <b>0.4</b>  | <b>3.3</b>  | <b>-2.6</b> | <b>-3.1</b> | <b>0.0</b>  |
| MSCI W*0.5                        | -2.2        | -1.3        | 2.4        | -1.9        | -0.1        | -2.6        | 3.9        | 0.1         | -2.7        | 2.0         | 1.7         | -2.6        | -3.5        |
| <b>2021 Plurimi AI Long Short</b> | <b>-1.6</b> | <b>-0.5</b> | <b>1.5</b> | <b>4.6</b>  | <b>-0.5</b> | <b>1.9</b>  | <b>6.1</b> | <b>2.3</b>  | <b>-2.0</b> | <b>0.9</b>  | <b>0.7</b>  | <b>1.8</b>  | <b>15.9</b> |
| MSCI W*0.5                        | -0.7        | 0.4         | 2.4        | 2.2         | -0.6        | 2.2         | 0.6        | 1.8         | -1.1        | 2.0         | 0.7         | 0.9         | 11.2        |
| <b>2020 Plurimi AI Long Short</b> | <b>2.3</b>  | <b>-0.2</b> | <b>2.0</b> | <b>1.3</b>  | <b>8.7</b>  | <b>2.0</b>  | <b>4.9</b> | <b>-0.5</b> | <b>0.7</b>  | <b>-0.5</b> | <b>-1.6</b> | <b>3.2</b>  | <b>24.2</b> |
| MSCI W*0.5                        | 0.0         | -2.7        | -5.3       | 4.5         | 3.5         | 1.4         | -0.7       | 2.3         | 0.0         | -1.5        | 4.6         | 0.9         | 6.8         |
| <b>2019 Plurimi AI Long Short</b> |             |             |            |             |             |             |            |             |             |             | <b>2.0</b>  | <b>2.1</b>  | <b>4.2</b>  |
| MSCI W*0.5                        |             |             |            |             |             |             |            |             |             |             | 1.4         | 0.3         | 1.7         |

Total return in GBP terms. (1 Nov 2019 - 31 Sep 2023)  
Net of annual 1.7% management and custody fees.

Source: Bloomberg/PW

**Sector exposure and valuations**

|                        | AI Short *0.5 | AI Long | Total |                | AI Long Short | MSCI W *0.5 | Relative |
|------------------------|---------------|---------|-------|----------------|---------------|-------------|----------|
| Communication Serv.    | -6.6          | 8.2     | 1.6   | North America  | 29.4          | 35.7        | -6.3     |
| Consumer Discretionary | -3.3          | 16.1    | 12.8  |                |               |             |          |
| Consumer Staples       | -6.8          | 5.9     | -0.8  | UK             | -0.1          | 2.0         | -2.1     |
| Energy                 | 0.0           | 8.7     | 8.7   | Switzerland    | 3.0           | 1.5         | 1.5      |
| Financials             | -6.7          | 18.4    | 11.7  |                |               |             |          |
| Health Care            | -8.4          | 14.2    | 5.9   |                |               |             |          |
| Industrials            | -1.6          | 8.4     | 6.8   | Rest of Europe | 14.9          | 5.8         | 9.1      |
| Information Technology | 0.0           | 17.1    | 17.1  | Japan          | 2.0           | 3.1         | -1.1     |
| Materials              | -4.9          | 2.9     | -2.1  |                |               |             |          |
| Real Estate            | -8.3          | 0.0     | -8.3  | Asia & EM      | 0.8           | 1.9         | -1.0     |
| Utilities              | -3.3          | 0.0     | -3.3  |                |               |             |          |

**Key points**

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

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 positions in the strategy may rise leading to capital losses for this strategy. 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.

**Risk (ex-ante), against MSCI World for relative**

|                               | 100:50 | MSCI W |
|-------------------------------|--------|--------|
| Value at Risk (monthly 97.5%) | 5.1%   | 7.8%   |
| Beta                          | 0.5    | 1.0    |
| Volatility                    | 9.5%   | 13.9%  |
| AI predicted alpha            | 4.1%   | 0.0%   |

**Performance indicators (%)**

|                   | AI 100:50 | MSCI World |
|-------------------|-----------|------------|
| Annualised return | 11.1      | 10.3       |
| Annualised vol.   | 9.5       | 13.9       |
| Sharpe ratio      | 1.0       | 0.6        |
| Best month        | 8.7       | 9.3        |
| Worst month       | -6.7      | -10.6      |
| Max drawdown      | -10.9     | -26.1      |

**Yield & earnings characteristics**

|                                 | AI Long | AI Short | Net  |
|---------------------------------|---------|----------|------|
| Dividend Yield                  | 2.2     | 4.7      | -0.8 |
| Est P/E                         | 12.2    | 13.4     | 14.0 |
| Price to Cash Flow Ratio (P/CF) | 12.7    | 11.0     | 20.8 |

**Top 10 positions**

| Longs                   | Shorts                       |
|-------------------------|------------------------------|
| NOVO NORDISK A/S-B      | MODERNA INC                  |
| SHELL PLC               | WALGREENS BOOTS ALLIANCE INC |
| ALPHABET INC-CL C       | SVENSKA HANDELSBANKEN-A SHS  |
| STELLANTIS NV           | CHINA VANKE CO LTD-H         |
| EOG RESOURCES INC       | DIGITAL REALTY TRUST INC     |
| HERMES INTERNATIONAL    | ESTEE LAUDER COMPANIES-CL A  |
| ACTIVISION BLIZZARD INC | WARNER BROS DISCOVERY INC    |
| ADOBE INC               | CARREFOUR SA                 |
| APPLE INC               | DAIICHI SANKYO CO LTD        |
| NOVO NORDISK A/S-B      | MODERNA INC                  |

Source: Bloomberg/PW

The strategy fell by 0.5% in net terms for the month which compares to the MSCI World return of -0.7% in GBP terms. Since inception, the strategy has delivered an annualised return of 11.1%, against 10.3% for the MSCI World in GBP terms.

#### Longs:

The strategy was down by 1.1% (-4.8% USD) in September.

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 8% 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 7% 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 5% 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 13% and **Hermes** fell 7% during the month. Stocks with exposure to the Chinese consumer were significantly down in September. Recruit Holdings fell 10%. 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.

#### Short:

The strategy rose 1.5% (5.2% USD) in September.

New additions:

**Estee Lauder** is facing a challenging year, hampered by heavy travel-retail exposure in Asia and overstocking in key locations. The US company needs to elevate its premium brands and deepen its relevance across all age groups. April's acquisition of Tom Ford may help but its margin still trails peers. Share buybacks and a raised dividend affirm cost containment, cash flow and balance-sheet strength. The company issued a cautious earnings outlook in August. Softness in the US and Europe is likely to extend until at least January, while Estee's position in local and travel retail in China is a work in progress and may not fully capture any rebound.

**Morgan Stanley** and **Bank of America** were shorted in the final week of the month. US banks capital requirements will increase as much as 19%, if regulators' so-called Basel III endgame proposal is implemented. We expect it will be put in place by before the end of next year. The rule, which applies to banks above \$100 billion in assets, could also damp market-making activity. A three-year implementation period would likely begin July 1, 2025. Bank of America's benefit from higher interest rates will moderate in the remainder of 2023, crimped by deposit pricing and loan risks, with loss provisions the biggest potential swing factor. CEO Brian Moynihan's strategy of pursuing organic gains may not mitigate margin downside. Expense discipline will not create sustainable growth. Morgan Stanley has tilted toward wealth and asset management, and this shift along with a cost focus will help profitability, but it won't be immune to tough markets.

**Warner Bros** was the strongest contributor falling by 17%. Deal expenses and restructuring have forced the company to trim Ebitda guidance. **Wallgreens** fell by 12%. Concerns around the direction of the core business in fiscal 2023 remains the largest issue with the stock. Its transformation into a broader health-care services company is still in the early stages and the ramp-up is behind initial expectations. Svenska Handelsbanken was the largest detractor rising by 8%. The Bank offers corporate finance, securities brokerage, commodity trading, structured products, custody solution, and institutional asset management services. We continue to short the stock. Sweden's three biggest lenders fall in Stockholm trading following a proposal by the Social Democrats to impose a temporary tax on the excess profits of banks

#### Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

**Target return:** 50% MSCI World +5% p.a.

**Holdings:** 30 Long, 30 Short

#### Available formats:

#### Segregated account

#### UBS issued Actively Managed Certificates

#### ISIN:

GBP: CH0552928746

USD: CH0544047381

EUR: CH1141734074

Daily Pricing from UBS

Source: UBSF on Bloomberg

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