

Objectives

The objective of the Plurimi Balanced strategy is to achieve long-term capital appreciation through investments in a range of asset classes and types of investment vehicles. The strategy is a flexible and seeks to maximise returns vs a composite 50% MSCI World, 25% ICE US Treasury 7-10Y bonds and 25% iBoxx USD Liquid IG corporate bonds benchmark by employing active bottom-up stock selection, and tactical allocations across regions, styles and asset classes.

Risk and return targets

- Typical beta vs. MSCI World: 0.5
- Beta range: 0.3-0.7
- Return target: Composite benchmark +2 % per annum

Total return (%)



Total return in USD terms. (Jan 2017 - Sep 2023)
Gross of fees

Source: PW, Bloomberg

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	4.1	-2.3	2.3	0.6	-2.2	2.4	2.4	-2.0	-3.0				2.3
2022	-3.8	0.3	2.0	-4.9	0.9	-7.6	5.7	-2.0	-7.1	5.0	4.2	-1.5	-9.5
2021	-0.7	1.4	1.2	4.0	2.7	0.9	2.7	2.2	-3.0	1.8	-2.3	2.4	13.9
2020	0.6	-3.3	-3.4	6.6	4.0	1.8	4.6	2.9	-1.1	-1.3	6.2	3.7	22.9
2019	2.4	0.7	1.8	0.8	-0.5	2.8	0.2	2.6	0.0	1.2	1.4	2.4	17.0
2018	1.1	-3.8	-0.2	0.3	0.7	-0.6	0.7	0.3	-0.5	-3.7	1.0	-0.3	-5.1

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

Source: PW, Bloomberg

Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	10.5	7.3	3.2
Consumer Discretionary	18.3	10.9	7.4
Consumer Staples	3.8	7.2	-3.4
Energy	8.7	5.2	3.4
Financials	19.3	15.0	4.3
Health Care	17.8	12.8	5.0
Industrials	2.3	10.8	-8.5
Information Technology	15.9	21.7	-5.8
Materials	3.4	4.1	-0.7
Real Estate	0.0	2.3	-2.3
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.

Flexibility to allocate to equities, fixed income, alternatives, commodities and cash.

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. 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 (%)	4.9
Beta	0.8

Performance indicators (%)

	Strategy	Benchmark
Annualised return	7.7	5.5
Annualised volatility	9.3	10.3
Sharpe ratio	0.6	0.4
Best month	6.6	7.6
Worst month	-7.6	-7.4
Max drawdown	-18.1	-22.7

Holdings (%)

NOVO NORDISK A/S-B	2.9
ACTIVISION BLIZZARD INC	2.6
APPLE INC	2.5
HARTFORD FINANCIAL SVCS GRP	2.3
ALPHABET INC-CL A	2.3
APPLIED MATERIALS INC	2.2
STELLANTIS NV	2.0
CHEVRON CORP	2.0
VISA INC-CLASS A SHARES	2.0
EOG RESOURCES INC	2.0
AON PLC-CLASS A	1.9
HERMES INTERNATIONAL	1.8
ROCHE HOLDING AG-GENUSSCHEIN	1.8
DANONE	1.7
ZOETIS INC	1.7
BIAGEN INC	1.7
LAS VEGAS SANDS CORP	1.6
ARCELORMITTAL	1.5
ALIBABA GROUP HOLDING-SP ADR	1.5
ADOBE INC	1.5
CITIGROUP INC	1.5
AMAZON.COM INC	1.3
PAYPAL HOLDINGS INC	1.2
MITSUBISHI CORP	1.1
MICROSOFT CORP	1.1
TII 0 ¼ 07/15/32	8.9
ISHARES IBOXX INVESTMENT GRA	6.9
TII 1 ¼ 07/15/33	5.2
ISHARES 0-5 YR INV GRD CORP	4.3
WT AT1 COCO UCITS ETF USD	2.9
JPM 4.023 12/05/24	2.8
DD 4.493 11/15/25	2.8
WFC 3 ¼ 01/24/24	2.7
VZ 2 ¼ 08/15/26	2.5
F 4.346 12/08/26	0.8
TABULA US ENHANCED INFLATION	10.0
BREVAN HOWARD AB RT G-A1 USD	2.9
USD	1.6

Source: Bloomberg

Commentary

The strategy fell by 3.0% during the month, beating its composite benchmark which fell by 3.8%.

Global equities fell by 4.3% in September and the aggregate bond index fell by 3.3%.

The strategy's shorter duration stance in fixed income was rewarded when compared to the fall in broader bond markets. We increased the weighting to US inflation-linked bonds, as real yields over inflation rose above 2.0% per annum. We removed positions in Gold and Silver during the month. The geopolitical backdrop will probably continue to be supportive for precious metals, but rising real yields and USD strength may be headwinds that are too strong.

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.

Chevron rose 5% 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 cash generation is translating into a sustained strong buyback pace this year. **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.

We expect both equity and bond markets may remain under pressure in the near term, but if central banks give clear indications that their rate hiking cycle has come to an end, this could set a floor for a renewed rally.

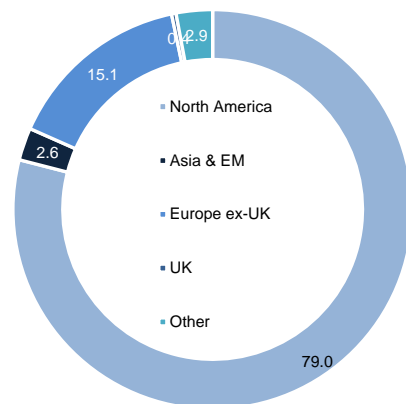
Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

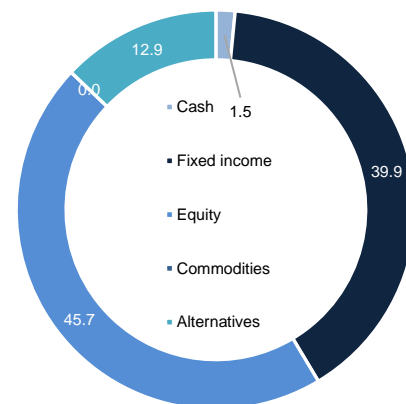
Target return: Composite benchmark +2% p.a.

Holdings: 38

Regional exposure (%)



Asset allocation (%)



1 month performance contribution (%)

	Attribution
Cash	0.0
Alternatives	0.0
Commodities	-0.1
Fixed Income	-0.6
Equity	-2.3

Top contributors	Return
CHEVRON CORP	4.7
STELLANTIS NV	3.4
ACTIVISION BLIZZARD INC	1.8
BREVAN HOWARD AB RT G-A1 USD	1.1
WFC 3 % 01/24/24	0.4

Bottom contributors	Return
LAS VEGAS SANDS CORP	-16.4
ISHARES IBOXX INVESTMENT GRA	-3.6
APPLE INC	-8.9
TII 0 % 07/15/32	-2.7
HERMES INTERNATIONAL	-11.2

Equity characteristics

	Strategy	MSCI World
Dividend Yield	2.7	2.4
Price to Earnings Ratio (P/E)	14.4	18.8
Price to Cash Flow Ratio (P/CF)	13.8	13.5
Price to Book Ratio (P/B)	2.3	2.9
Total Debt to Common Equity	105	145
Current Ratio	1.5	1.2
Est ROE	12.5	37.8
Op. Income Growth	-16.2	-1.3
Sales Growth	3.2	5.9
Est P/E	12.7	16.1
Debt/EBITDA	3.5	3.2
Est EV/EBITDA	13.9	10.9
Profit Margin	11.1	9.6
ROC	5.6	7.2

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