

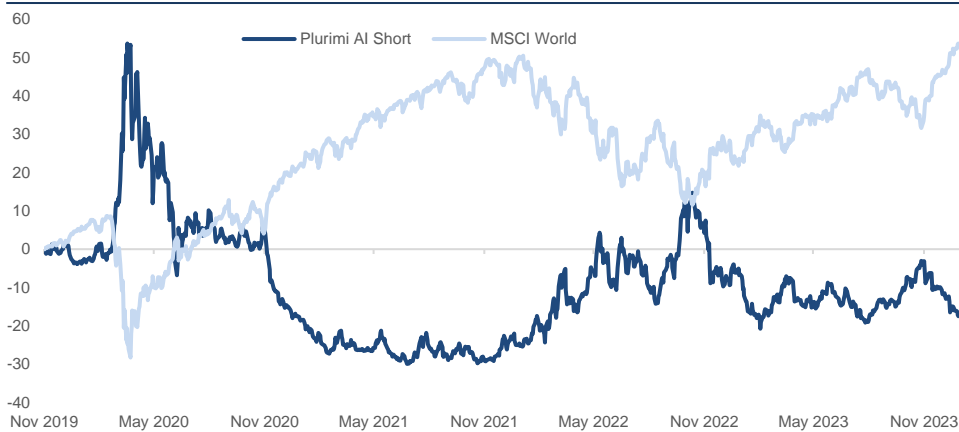
## Objectives

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 - 29 Dec 2023)  
Gross of all fees

Source: Bloomberg/PW

## Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2023 Plurimi AI Short</b>	<b>-11.8</b>	<b>5.2</b>	<b>-0.5</b>	<b>-1.9</b>	<b>7.3</b>	<b>-5.2</b>	<b>-5.9</b>	<b>4.6</b>	<b>5.2</b>	<b>7.5</b>	<b>-7.0</b>	<b>-8.4</b>	<b>-12.6</b>
MSCI World	7.1	-2.4	3.2	1.8	-0.9	6.1	3.4	-2.3	-4.3	-2.9	9.4	4.9	24.4
<b>2022 Plurimi AI Short</b>	<b>6.4</b>	<b>3.1</b>	<b>4.2</b>	<b>10.4</b>	<b>-4.0</b>	<b>8.7</b>	<b>-7.6</b>	<b>4.8</b>	<b>17.3</b>	<b>-4.8</b>	<b>-13.7</b>	<b>1.7</b>	<b>25.0</b>
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
<b>2021 Plurimi AI Short</b>	<b>-4.1</b>	<b>-1.6</b>	<b>-3.1</b>	<b>-0.4</b>	<b>-2.2</b>	<b>-2.5</b>	<b>6.3</b>	<b>-4.4</b>	<b>3.6</b>	<b>-3.4</b>	<b>4.6</b>	<b>-0.6</b>	<b>-8.2</b>
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
<b>2020 Plurimi AI Short</b>	<b>4.7</b>	<b>10.5</b>	<b>20.7</b>	<b>-14.9</b>	<b>-2.7</b>	<b>-4.3</b>	<b>2.7</b>	<b>-7.4</b>	<b>2.5</b>	<b>1.6</b>	<b>-18.0</b>	<b>-6.3</b>	<b>-15.8</b>
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
<b>2019 Plurimi AI Short</b>											<b>-0.3</b>	<b>-2.6</b>	<b>-2.9</b>
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 29 Dec 2023)  
Gross of all fees and borrowing costs

Source: Bloomberg/PW

## Sector exposure (%)

	AI Short	MSCI W	+/-
Communication Services	-9.9	7.2	2.8
Consumer Discretionary	-16.4	10.9	5.5
Consumer Staples	-16.9	6.8	10.0
Energy	0.0	4.5	-4.5
Financials	-6.8	15.2	-8.4
Health Care	-20.3	12.1	8.2
Industrials	-6.7	11.1	-4.4
Information Technology	-3.5	23.0	-19.5
Materials	-6.5	4.1	2.4
Real Estate	-6.7	2.5	4.2
Utilities	-6.3	2.6	3.7

## Regional allocation

	AI Short	MSCI W	+/-
North America	37.3	71.7	-34.4
UK	10.2	3.8	6.4
Switzerland	0.0	3.0	-3.0
Rest of Europe	25.4	11.8	13.6
Japan	23.8	6.0	17.8
Asia & EM	3.3	3.6	-0.3

## 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	8.9%
Beta	1.0
AI predicted alpha	+3.4%

## Performance indicators

	AI Short	MSCI World
Annualised return	-4.7	10.8
Annualised volatility	25.8	18.9
Sharpe ratio	-0.3	0.5
Best month	20.7	12.8
Worst month	-18.0	-13.2
Max drawdown	-54.4	-34.0

## Holdings

	(%)
MODERNA INC	-3.9
RAKUTEN GROUP INC	-3.6
SOFTBANK GROUP CORP	-3.6
NTT DATA GROUP CORP	-3.5
CNH INDUSTRIAL NV	-3.5
TYSON FOODS INC-CL A	-3.4
ALNYLAM PHARMACEUTICALS INC	-3.4
MORGAN STANLEY	-3.4
SARTORIUS STEDIM BIOTECH	-3.4
TAKEDA PHARMACEUTICAL CO LTD	-3.4
CARREFOUR SA	-3.4
RIVIAN AUTOMOTIVE INC-A	-3.4
DIGITAL REALTY TRUST INC	-3.4
HSBC HOLDINGS PLC	-3.4
FORD MOTOR CO	-3.4
ESTEE LAUDER COMPANIES-CL A	-3.4
WALGREENS BOOTS ALLIANCE INC	-3.4
EDP RENOVAVEIS SA	-3.3
CHINA VANKE CO LTD-H	-3.3
VODAFONE GROUP PLC	-3.3
KAO CORP	-3.3
BASF SE	-3.3
INTL FLAVORS & FRAGRANCES	-3.3
EAST JAPAN RAILWAY CO	-3.3
DAIICHI SANKYO CO LTD	-3.2
VOLKSWAGEN AG-PREF	-3.1
TELEFONICA SA	-3.1
EXELON CORP	-2.9
BAYER AG-REG	-2.9
PROSUS NV	-2.9

Source: Bloomberg/PW

Commentary

The strategy fell 8.4% in December, amid a rise of 4.9% from the MSCI World.

New additions: **Softbank's** strategy may not lead to a increase its net asset value. Risk of AI investing is high given the run-up in valuations. The company has lost the first-mover advantage to peers. Share buybacks are possible following the ARM IPO but the valuation remains too high in our opinion. **NTT Data Group** is an IT service providers. specializing in systems integration with a broad range of related services that includes consulting, network development, and custom software development. Nippon Telegraph owns about 54% of NTT DATA. The stock has underperformed in 2023 but still trades at over 21x forecast earnings. Sartorius Stedim Biotech develops and manufactures laboratory technologies and equipment for the pharma and food industries, as well as for public research institutes and laboratories. The stock trades at more than 53x forecast earnings and has a large level of debt which will likely be rolled into higher yielding debt as it matures. **Rivian** develops, manufactures, and sells electric vehicles and accessories. The company offers five-passenger pickup trucks and seven-passenger sports utility vehicles. Its most recent delivery numbers signal overproduction on weakening EV demand as it ramps up plant capacity. The stock is likely years away from profitability and may never get there. **HSBC** is classified as a Globally Systematically Important Bank and is required to hold an extra 2% capital buffer. The U.K. and Hong Kong are core markets for the bank and uncertainty and poor growth impacts both locations.

Chinese equities were the top contributors. **Prosus** fell 10% after its massive holding in Tencent missed earnings. **China Vanke** fell 9% as high debt levels and the outlook for Chinese property market impact the growth potential for the company. **Walgreen's** was the largest detractor rising by 31% after beating earnings estimates. **Moderna** rose 28% following a range of broker upgrades and after the drugmaker said study results showed that its personalized vaccine developed with Merck & Co. helped prevent the recurrence of severe skin cancer for three years

Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

Target return: +4% - MSCI World

Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	4.1	2.3
Price to Earnings Ratio (P/E)	27	20.7
Price to Cash Flow Ratio (P/CF)	8.5	14.0
Price to Book Ratio (P/B)	1.2	3.2
Total Debt to Common Equity	161	145
Current Ratio	1.2	1.2
Est ROE	-8.5	30.9
Operating Income Growth	16	-0.1
Sales Growth	-1.0	4.3
Est P/E	15.3	17.3
Debt/EBITDA	6.6	3.1
Est EV/EBITDA	8.5	11.6
Profit Margin	1.9	9.7
ROC	5.2	7.4

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.

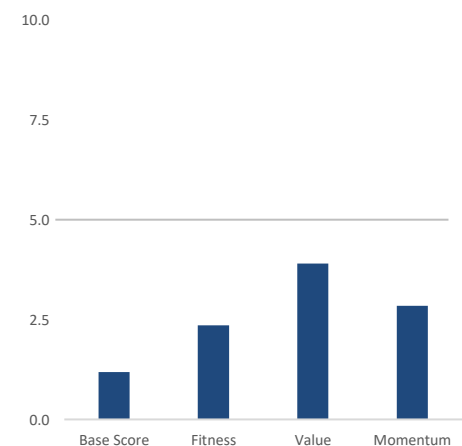
1 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	-0.3	PROSUS NV	-10.1
Consumer Discretionary	-0.9	CHINA VANKE CO LTD-H	-8.5
Consumer Staples	-2.0	EXELON CORP	-6.8
Energy	0.0	TELEFONICA SA	-5.9
Financials	-1.3	CARREFOUR SA	-3.6
Health Care	-1.8		
Industrials	-0.7	Bottom contributors	Return
Information Technology	-0.2	WALGREENS BOOTS ALLIANCE INC	30.9
Materials	-0.7	MODERNA INC	28.0
Real Estate	0.2	FORD MOTOR CO	18.8
Utilities	-0.6	MORGAN STANLEY	17.5
		BASF SE	15.7

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

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