

Objectives

The objective of the Plurimi Cautious Strategy is to achieve long-term capital appreciation primarily through investments in a portfolio of global stocks and bonds. Tactically the strategy may also include exposure to commodities, real estate, and other alternative asset classes. The strategy is flexible and seeks to preserve capital on a 12-month basis and deliver a total return of inflation +2% per annum over a market cycle. Performance is compared to a composite index made up of 35% MSCI World, 32.5% Iboxx Investment Grade, and 32.5% 7-10 year US Treasury Index.

Risk and return targets

- Return target: CPI +2% per annum.
- Typical beta vs MSCI World: 0.4-0.6

Total return (%)



Total return in USD terms. (Jan 2017 - Dec 2023)
Performance is compared to a composite index made up of 35% MSCI World, 32.5% Iboxx Investment Grade, and 32.5% 7-10 year US Treasury Index. Gross of fees
Source: Bloomberg/PW

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	3.5	-2.4	2.2	0.7	-1.2	1.5	1.8	-0.4	-2.2	-0.3	4.1	2.7	10.4
2022	-2.7	0.1	0.8	-3.6	0.9	-5.5	3.7	-2.2	-5.6	3.5	3.5	-0.9	-8.3
2021	-1.1	0.7	0.5	3.2	2.4	0.0	3.0	1.3	-2.3	0.9	-1.7	2.0	9.0
2020	1.1	-2.1	-2.0	4.4	2.1	0.5	3.4	2.4	-0.7	-0.9	4.4	2.2	15.8
2019	1.5	-0.1	1.9	0.0	0.9	1.9	0.1	3.3	-1.0	0.8	0.7	1.3	11.8
2018	-0.4	-3.5	0.4	0.1	0.4	-0.6	0.2	0.1	-1.1	-2.4	1.2	1.3	-4.3

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

Source: Bloomberg/PW

Equity sector exposure (scaled to 100%)

	Cautious	MSCI World
Communication Services	6.7	7.2
Consumer Discretionary	3.1	10.9
Consumer Staples	8.4	6.8
Energy	8.2	4.5
Financials	25.0	15.2
Health Care	19.5	12.1
Industrials	3.6	11.1
Information Technology	19.8	23.0
Materials	0.0	4.1
Real Estate	0.0	2.5
Utilities	5.7	2.6

Equity characteristics (scaled to 100%)

	Cautious	MSCI World
Dividend Yield	2.5	2.3
Price to Earnings Ratio (P/E)	12.1	20.7
Price to Cash Flow Ratio (P/CF)	13.9	14.0
Price to Book Ratio (P/B)	3.1	3.2
Total Debt to Common Equity	175	145
Current Ratio	1.5	1.2
BEst ROE	29.5	30.9
Op. Income Growth	50.0	-0.1
Sales Growth	12.4	4.3
BEst P/E	14.4	17.3
Debt/EBITDA	3.0	3.1
BEst EV/EBITDA	5.8	11.6
Profit Margin	11.6	9.7
ROC	10.8	7.4

Key points

Defensive strategy designed to protect capital in the short term and grow purchasing power over a cycle.

Objective stock selection process utilises independent research and proprietary screens.

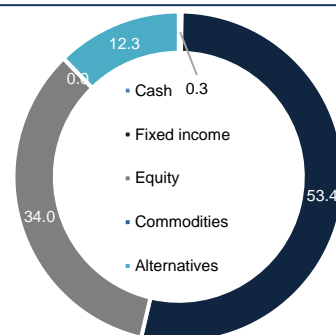
Top-down regional, asset class and style allocations to enhance returns and mitigate macro risks.

Portfolio characteristics skewed towards value, quality, and yield.

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 with positions up to 4 and 9% respectively.

Asset allocation (%)



Holdings (%)

Company	Percentage (%)
VISA INC-CLASS A SHARES	2.3
NOVO NORDISK A/S-B	2.3
APPLE INC	2.2
X NIKKEI 225 1D	2.2
ALPHABET INC-CL A	2.1
CENTRICA PLC	1.8
CITIGROUP INC	1.7
ADOBE INC	1.6
EOG RESOURCES INC	1.5
PLUS500 LTD	1.5
APPLIED MATERIALS INC	1.5
DANONE	1.4
MERCK & CO. INC.	1.4
ZOETIS INC	1.3
AON PLC-CLASS A	1.3
BUNGE GLOBAL SA	1.3
HUMANA INC	1.2
BAE SYSTEMS PLC	1.1
HARTFORD FINANCIAL SVCS GRP	1.1
EQUINOR ASA-SPON ADR	1.1
MICROSOFT CORP	1.1
LAS VEGAS SANDS CORP	1.0
ISHARES IBOX INVESTMENT GRA	8.4
ISHARES 0-5 YR INV GRD CORP	7.5
TII 0 % 07/15/32	7.5
WT AT1 COCO UCITS ETF USD AC	5.9
TII 0 % 01/15/28	5.8
WFC 3 % 01/24/24	5.0
TII 1 % 07/15/33	3.9
TII 0 % 02/15/52	3.3
AAPL 3 11/13/27	2.6
F 4.346 12/08/26	1.8
JPM 0.969 06/23/25	1.7
TABULA US ENHANCED INFLATION	5.3
CA NOTE (Biogen Merck)	3.9
BREVAN HOWARD AB RT G-A1 USD	3.1
US DOLLAR	0.3

Source: Bloomberg/PW

Commentary

The strategy rose 2.7% in December, amid a rise of 4.6% from the composite benchmark.

Equities and bonds continued rallying into the end of 2023 as central banks confirmed cuts will be discussed in the new year.

Plus500 rose by 16.2%. The company operates a trading platform for investors. The Company indicated it will deliver full-year 2023 results that are “significantly ahead of market expectations”. It anticipates consensus figures will rise, and flagged favourable environment in 2024, citing good momentum, a robust cash balance and some predictable volatility events such as elections and interest rate moves. **Zoetis** rose by 12%. Zoetis' diversified companion-animal platform across pharmaceuticals, diagnostics and pet insurance appears to be well positioned to take advantage of the growth in the animal-health market, driven by heightened pet spending from younger generations, coupled with greater life expectancy for pets that require more expensive care. The company raised its dividend by 15% to 43cents per share. **Citi Group** rose by 12%. The stock benefitted from a broad rally in US bank stocks. The US yield curve remains inverted but the prospect of cuts from the Fed are increasing chances for improved interest margin for the sector. **Aon** was the largest detractor falling by 11%. The insurance consulting firm fell after announcing a pact to buy NFP, a global professional services firm, for an estimated \$13.4 billion in cash and stock. Aon said the deal will be funded by \$7 billion of cash and \$6.4B of Aon stock. **Bunge** fell 8%. Bunge's profit slid in the third quarter on lower sales as volumes weakened in its agribusiness. Bunge's agribusiness, which accounts for a majority of its revenue, logged lower volumes and sales for the quarter as higher results in the processing side of the business were more than offset by lower results on the merchandising side. The stock trades at less than 8x forecast earnings, which we think represents good value, and already discounts the weak volume growth of the company. We end 2023 with equities at a 34% weight, just below the neutral 35% for the strategy.

Fixed income instruments moved sharply higher. The repricing of the outlook for monetary policy has been very aggressive. Markets are now pricing 150bp of rate cuts from both the Fed and the ECB before the end of 2024. 10-year TIPS moved higher by 3.7% and 30-year TIPS moved higher by almost 9% as both nominal and real yields moved lower. We expect the yield curve to steepen as longer yields rise in a “soft-landing” and Central Banks’ pivot to cuts in 2024.

After the strong rally in equities and bonds in December the re-pricing of interest rate outlook now looks to be completed. Valuation for global stocks are above the historical median. This may make it harder to extend the multiple expansion of 2023. Our base case is that global earnings growth will push equities higher in 2024. A rate cut cycle, supported by drivers from AI, and ideally a tail wind from reduced geopolitical competition.

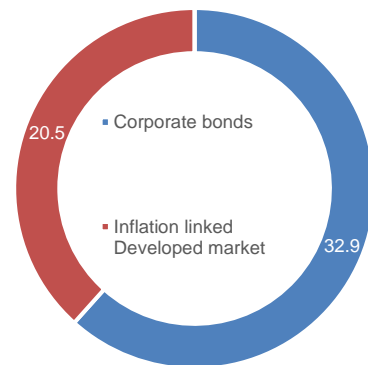
Strategy managers:

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Eugen Fostiak

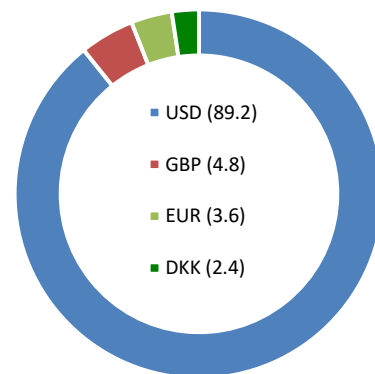
Target return: CPI +2% per annum

Holdings: 37

Fixed Income type (% of portfolio)



Currency (%)



Performance attribution (%)

	Since inception	1 month
Equity	+32.6	+0.7
Fixed Income	+18.3	+1.8
Commodities	+3.0	+0.0
Alternative	-2.8	+0.2
Cash	+0.2	+0.0

Top 5 contributors	1 month return
ISHARES IBOXX INVESTMENT GRA	+4.9
WT AT1 COCO UCITS ETF USD AC	+4.9
TII 0 % 07/15/32	+3.7
TII 0 % 02/15/52	+8.5
PLUS500 LTD	+16.2

Bottom 5 contributors	1 month return
AON PLC-CLASS A	-11.4
BUNGE GLOBAL SA	-8.1
CENTRICA PLC	-5.0
HUMANA INC	-5.4
ADOBE INC	-2.4

Portfolio characteristics (%)

Volatility (ex-ante)	7.6
Value at Risk (Monthly 97.5%)	4.5

Performance indicators

	Plurimi Cautious	Composite Benchmark
Annualised return	6.1	5.2
Annualised volatility	7.1	9.1
Sharpe ratio	0.6	0.4
Best month	4.4	7.1
Worst month	-5.6	-6.7
Max drawdown	-15.6	-22.0

DISCLAIMER

The Plurimi Cautious Strategy was previously called the Plurimi Dynamic Strategy until October 2021.

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