

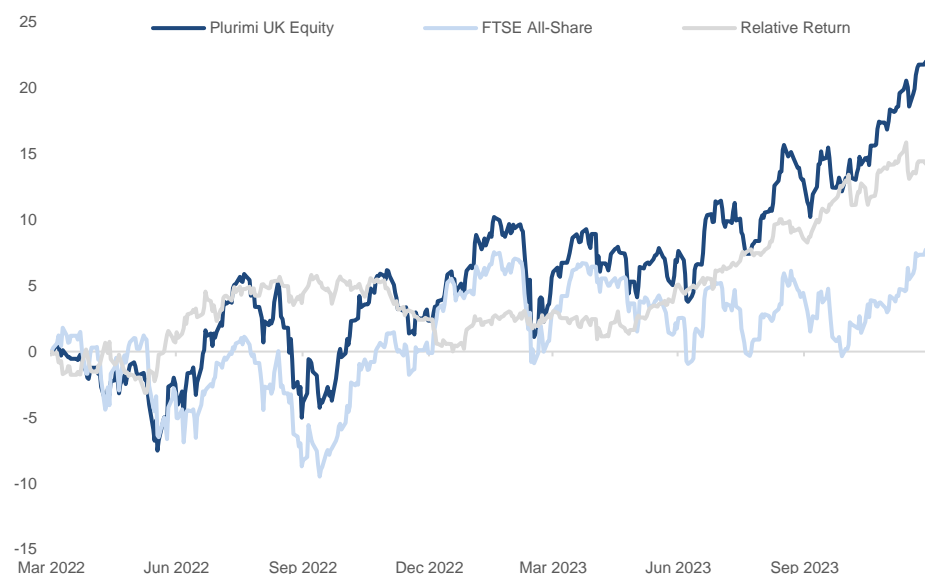
Objectives

The objective of the Plurimi UK Equity strategy is to achieve long-term capital appreciation through investments in UK stocks. The strategy is always at least 95% invested and seeks to maximise returns vs. the FTSE All-share benchmark by employing active bottom-up stock selection, which is driven by artificial intelligence with machine learning techniques, and discretionary sector and style allocations.

Risk and return targets

- Typical beta: 1.0
- Beta range 0.8-1.2
- Return target: FTSE All-share +3% per annum over a market cycle

Total return (%)



Total return in GBP terms. (30 Mar 2022 - 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
2023 Plurimi UK	3.9	2.5	-2.7	2.7	-4.4	3.4	3.5	-1.2	2.6	0.0	3.9	3.9	19.3
FTSE All	4.5	1.5	-2.8	3.4	-4.6	1.0	2.6	-2.5	1.8	-4.1	3.0	4.5	7.7
2022 Plurimi UK				-1.2	0.1	-2.5	5.2	1.1	-6.3	3.9	6.3	-3.6	2.3
FTSE ALL				0.3	0.7	-6.0	4.4	-1.7	-5.9	3.1	7.1	-1.4	-0.3

Total return in GBP terms. (30 Mar 2022 - 29 Dec 2023)
Gross of all fees

Source: Bloomberg/PW

Sector exposure (%)

	Strategy	Benchmark	+/-
Communication Services	6.2	2.9	3.3
Consumer Discretionary	11.6	8.8	2.8
Consumer Staples	10.9	15.7	-4.8
Energy	12.5	11.7	0.8
Financials	15.7	18.6	-2.9
Health Care	9.6	11.0	-1.4
Industrials	17.7	13.8	3.9
Information Technology	8.4	1.7	6.7
Materials	0.0	9.0	-9.0
Real Estate	0.0	2.7	-2.7
Utilities	7.5	4.0	3.5

Key points

Bottom-up stock selection driven by Artificial Intelligence (AI) and machine learning. Evaluating more than 500 UK equities.

Objective stock selection process removes human emotion and behavioural biases.

Top-down sector 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 stock specific risk, and sector differences from the benchmark which are intended to improve returns but can lead to capital loss.

Relative risk vs FTSE All-share (ex-ante)

Tracking error (%)	7.4
Beta	1.1
AI predicted alpha (%)	3.9
Active share (%)	90.3

Performance indicators

	Strategy	Benchmark
Annualised return	12.1	4.4
Annualised volatility	11.7	12.6
Sharpe ratio	0.7	0.1
Best month	10.4	7.1
Worst month	-6.3	-6.0
Max drawdown	-10.3	-11.1

Holdings

	(%)
SAGE GROUP PLC/THE	8.1
CENTRICA PLC	7.2
RELX PLC	6.3
ASSOCIATED BRITISH FOODS PLC	6.1
INFORMA PLC	6.0
ROLLS-ROYCE HOLDINGS PLC	6.0
PEARSON PLC	5.8
WISE PLC - A	5.7
COMPASS GROUP PLC	5.4
IG GROUP HOLDINGS PLC	5.1
BAE SYSTEMS PLC	4.8
SHELL PLC	4.8
ASTRAZENECA PLC	4.7
BP PLC	4.6
GSK PLC	4.6
IMPERIAL BRANDS PLC	4.5
LONDON STOCK EXCHANGE GROUP	4.4
BRITISH POUND	3.2
HARBOUR ENERGY PLC	2.7

Source: Bloomberg/PW

Commentary

The strategy was up by 8.0% in Q4, beating the FTSE All-Share return of 3.2%.

The strategy is 97% invested in equities with 3% in cash. During the quarter we sold 3I Group after an 80% year to date gain and added Rolls Royce. We expect Rolls Royce to be well positioned to capitalize on growth in global defense spending. Rolls-Royce's civil-engine business is powering its turnaround as long-haul travel recovers, boosting wide-body utilization, though inflation and supply chains are risks. Engine flight hours are rising, boosting high-margin spares demand and hourly maintenance cash flows, with most engine types within 15% or better of 2019. Efficiency improvements across the businesses and paying down debt to improve credit ratings should add to gains. Cash increased £243 million to £2.9 billion at 1H, along with £4.5 billion in unused credit lines.

Associated British Foods rose 16.7%. The company offers groceries, clothing, and household products. Associated British Foods' more-confident outlook for fiscal 2024 is supported by a 37% total dividend increase and a new £500 million share buyback. Primark's rebound is expected to quicken with a more-than 10% margin in 2024, after 8.2% in 2023. The more-aggressive plan for store openings, including in the US, together with reduced cost of goods and freight, supports a substantial margin recovery.

We do not own any of the large banks but have a 16% allocation of financials which rose 19% during the quarter. Wise Group rose 27%. Wise PLC rallied on improving revenue and income, as the company said, "customer momentum continues to power growth". The London-based money transfer services provider reported account balances were up to GBP12.9 million, up from GBP10.1 million at the end of the 2023 third quarter.

Sage Group rose 18.6%. The Group develops, publishes, and distributes accounting and payroll software for personal computer systems. Sage Group rose after outlining a buyback of up to 350 million pounds worth of shares and reported double-digit revenue growth for fiscal 2023. The software company said that the share buyback program reflects the board's confidence in its strong cash generation and long-term growth strategy. It added that the company continues to have considerable financial flexibility to drive the execution of its growth strategy.

Harbour Energy rose by almost 20%, but the primary detractors were the large oil companies. BP fell 11% and Shell was marginally lower during the quarter. We remain attracted to the high cash flow generation and dividend yield of the companies. Energy stocks also provide a potential hedge against geo-political events in the Middle East and Russia. The Healthcare sector was also a detractor in 2023. We continue to view the sector positively, based on strong predictable cash flows the companies generate.

Outlook:

UK equities continue to trade at discounted multiples to the rest of the developed world and we are positive on the prospective returns for UK Equities in 2024. .

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: FTSE All Share +3% p.a.

Holdings: 19

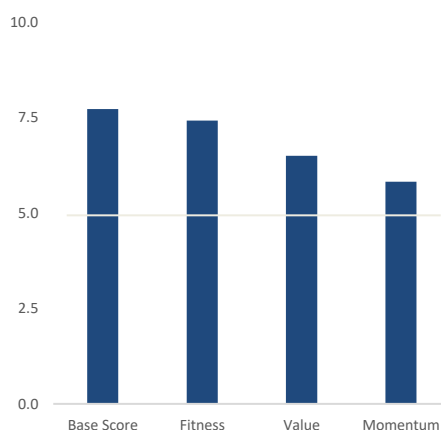
Portfolio characteristics

	Strategy	FTSE All-Share
Dividend Yield	2.9	3.9
Price to Earnings Ratio (P/E)	11.0	12.4
Price to Cash Flow Ratio (P/CF)	6.1	7.4
Price to Book Ratio (P/B)	2.7	1.6
Total Debt to Common Equity	66	131
Current Ratio	1.1	1.1
Est ROE	23.4	20.3
Operating Income Growth	184	23.0
Sales Growth	22.6	8.7
Est P/E	12.4	10.9
Debt/EBITDA	1.1	2.2
Est EV/EBITDA	6.3	7.1
Profit Margin	10.5	9.5
ROC	16.6	7.1

3 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	0.3	SAGE GROUP PLC	18.6
Consumer Discretionary	1.0	WISE PLC - A	27.5
Consumer Staples	1.5	IG GROUP HOLDINGS PLC	19.0
Energy	-0.2	3I GROUP PLC	18.2
Financials	3.8	AB FOODS	16.7
Health Care	-0.4		
Industrials	1.3	Bottom contributors	Return
Information Technology	1.4	CENTRICA PLC	-8.1
Materials	0.0	BP PLC	-11.2
Real Estate	0.0	ASTRA ZENECA PLC	-4.5
Utilities	-0.7	GSK PLC	-1.8
		SHELL PLC	-0.3

Style characteristics (5 is neutral with Index)



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