

February 2024

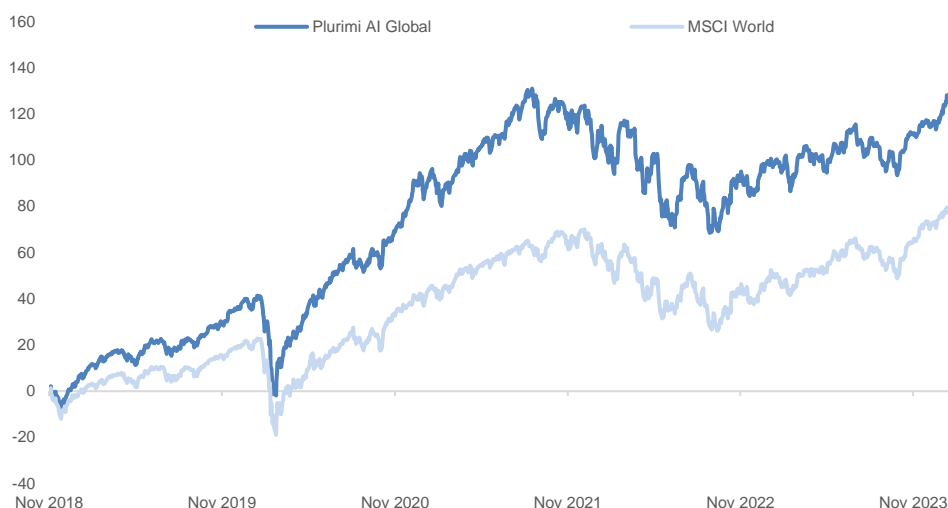
Objectives

The objective of the Plurimi AI global equity strategy is to achieve long-term capital appreciation through investments in global stocks. The strategy is always fully invested and seeks to maximise returns vs. the MSCI World benchmark by employing active bottom-up stock selection, which is driven by artificial intelligence with machine learning techniques, and discretionary top-down regional and style allocations.

Risk and return targets

- Typical beta: 1.0
- Beta range 0.9-1.1
- Return target: MSCI World +3% per annum over a market cycle

Total return (%)



Total return in USD terms. (30 Nov 2018 - 29 Feb 2024)

The returns are gross and do not reflect the deduction of investment management fees, which will reduce return.

Source: Bloomberg

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	1.5	5.8											7.3
2023	7.0	-1.4	2.6	0.8	-4.0	6.7	3.8	-3.2	-4.8	-1.3	7.7	2.9	16.7
2022	-7.1	-0.3	4.2	-8.2	1.8	-12.6	9.1	-2.5	-9.7	8.2	5.9	-3.8	-16.5
2021	0.5	1.5	2.5	5.2	2.7	2.1	3.0	4.1	-4.6	3.5	-3.1	3.4	22.4
2020	-0.2	-7.0	-9.7	9.9	8.9	4.3	6.7	4.5	-2.3	-0.9	10.4	7.6	34.4
2019	10.4	4.5	2.9	2.7	-5.2	7.8	0.7	-1.3	1.7	4.2	2.3	4.7	40.5
2018												-3.6	-3.6

Total return in USD terms. (30 Nov 2018 - 29 Feb 2024)

The returns are gross and do not reflect the deduction of investment management fees, which will reduce return.

Source: Bloomberg

Sector exposure (%)

	PW AI	MSCI W	+/-
Communication Services	10.4	7.4	3.0
Consumer Discretionary	16.8	10.9	5.9
Consumer Staples	5.2	6.6	-1.3
Energy	7.0	4.2	2.7
Financials	16.0	15.1	0.9
Health Care	13.7	12.1	1.7
Industrials	12.4	11.1	1.3
Information Technology	18.4	24.1	-5.7
Materials	0.0	3.8	-3.8
Real Estate	0.0	2.3	-2.3
Utilities	0.0	2.4	-2.4

Regional allocation

	PW AI	MSCI W	+/-
North America	50.5	72.5	-22.0
UK	6.6	3.6	3.1
Switzerland	0.0	2.8	-2.8
Rest of Europe	30.2	11.6	18.6
Japan	10.4	6.2	4.2
Asia & EM	2.3	3.4	-1.1

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.

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 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 regional and sector differences from the benchmark which are intended to improve returns but can lead to capital loss.

Relative risk vs MSCI World (ex-ante)

Tracking error (%)	6.0
Beta	1.1
AI predicted alpha (%)	2.9
Active share (%)	88.1

Performance indicators

	PW AI	MSCI World
Annualised return	17.5	12.2
Annualised volatility	18.1	18.1
Sharpe ratio	0.8	0.6
Best month	10.4	12.8
Worst month	-12.6	-13.2
Max drawdown	-30.5	-34.0

Holdings

	(%)
NOVO NORDISK A/S-B	4.9
STELLANTIS NV	4.7
NVIDIA CORP	4.5
APPLIED MATERIALS INC	4.2
META PLATFORMS INC-CLASS A	4.0
ALPHABET INC-CL C	3.9
HERMES INTERNATIONAL	3.8
BANCO BILBAO VIZCAYA ARGENTA	3.8
ADOBE INC	3.7
TENARIS SA	3.6
AMAZON.COM INC	3.6
HARTFORD FINANCIAL SVCS GRP	3.5
RYANAIR HOLDINGS PLC	3.4
BAE SYSTEMS PLC	3.4
EOG RESOURCES INC	3.4
VISA INC-CLASS A SHARES	3.4
ZOETIS INC	3.4
GSK PLC	3.3
CAPGEMINI SE	3.2
RECRUIT HOLDINGS CO LTD	3.1
CITIGROUP INC	3.1
ADVANCED MICRO DEVICES	2.8
DANONE	2.8
NINTENDO CO LTD	2.5
DEERE & CO	2.5
ASAHI GROUP HOLDINGS LTD	2.5
LAS VEGAS SANDS CORP	2.4
ALIBABA GROUP HOLDING-SP ADR	2.3
PAYPAL HOLDINGS INC	2.2
OLYMPUS CORP	2.2

Source: Bloomberg/PW

Commentary

The strategy was up by 5.8% in February, beating the MSCI World return of 4.3%.

During the month we sold **Shell** and **Roche**.

GSK was added early in the month. It develops, manufactures, and markets vaccines, prescription, and over-the-counter medicines, as well as health-related consumer products. Continued Zantac litigation has depressed the multiple the stock trades at, to an attractive entry level in our opinion. The stock trades at about 10x forecast earnings, and positive news on litigation could see the stock re-rate materially higher. Phase 3 trials in asthma and sinusitis medicines could drive significant upward revisions to consensus estimates. **Tenaris** replaced Shell in strategy. It provides pipe handling, stocking, and distribution services to the oil and gas, energy, and mechanical industries. We added the stock before its positive earnings release, leading to a 11% gain. Tenaris's Board of Directors approved a share buyback program of up to \$1.2 billion or 6.4% of Tenaris's outstanding shares, to be executed within a year.

NVDA, Meta, Applied Materials, Amazon all delivered strong results this year and were strong contributors during the month. **Stellantis** rose 17%. The market rewarded the group's €3 billion share buyback programme and its undemanding valuation. The debut of the group's affordable EV could drive sales growth in the coming quarters, but a sustained upside probably requires regaining market share in Europe through the release of new models and refreshing its van lineup. **Hermes** rose 18%. Its results were the most resilient among its luxury peers in 4Q, defying mixed economic environments and a slow recovery in the Chinese market. Revenue growth of 20% and 40% margin in 2023 drove record profits.

Adobe gave back some of its 2023 gains in February falling 9%. Adobe suffered as OpenAI's, text-to-video offering, Sora was launched. Adobe fell -8% after Sora's launch, as it is viewed as a strong competitor to Adobe. We think generative AI will continue to see new entrants, but Adobe's strong position and benefits from data it stores in its Digital Experience platform will keep the company delivering strong growth and profitability. **Asahi** fell 9%. The environment for alcoholic beverage business sales volume is likely to remain difficult. The company delivered stronger than consensus free cash flow in its latest results and the company plans to invest aggressively in its global brands such as Asahi Super Dry (ASD) and Peroni Nastro Azzurro (PNA) to increase annual sales volume, with the aim of becoming one of the top 10 global players.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: MSCI World +3% p.a.

Holdings: 30

Portfolio characteristics

	AI PW	MSCI World
Dividend Yield	2.0	2.2
Price to Earnings Ratio (P/E)	15.7	22.0
Price to Cash Flow Ratio (P/CF)	16.1	15.2
Price to Book Ratio (P/B)	2.7	3.2
Total Debt to Common Equity	150	141
Current Ratio	1.3	1.2
Est ROE	29.6	29.4
Operating Income Growth	15	2.7
Sales Growth	12.4	3.9
Est P/E	14.2	18.2
Debt/EBITDA	3.1	3.2
Est EV/EBITDA	15.1	12.2
Profit Margin	13.5	9.6
ROC	8.0	7.2

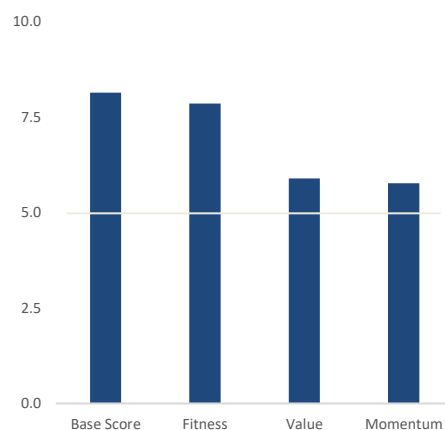
1 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	0.8	NVIDIA CORP	28.6
Consumer Discretionary	2.2	META PLATFORMS INC-CLASS A	25.8
Consumer Staples	-0.4	APPLIED MATERIALS INC	22.9
Energy	0.4	STELLANTIS NV	17.3
Financials	0.6	HERMES INTERNATIONAL	17.9
Health Care	0.1		
Industrials	0.1	Bottom contributors	Return
Information Technology	2.0	ADOBE INC	-9.3
Materials	0.0	ROCHE HOLDING AG-GENUSSCHEIN	-10.8
Real Estate	0.0	ASAHI GROUP HOLDINGS LTD	-9.0
Utilities	0.0	DEERE & CO	-7.2
		DANONE	-4.7

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

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