

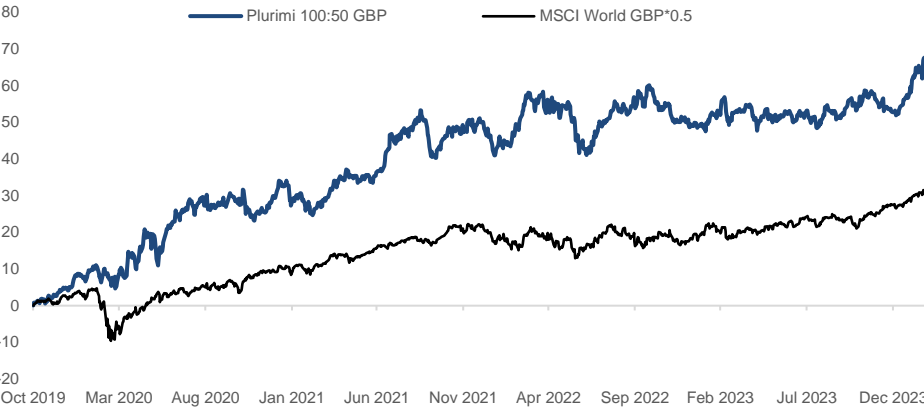
Objectives

The objective of the Plurimi AI Long/Short Equity Strategy is to achieve capital appreciation through a combination of owning a portfolio of global stocks with attractive valuation, growth and quality factors and shorting stocks with poor quality, momentum and value characteristics. The strategy combines a 100% allocation to the Plurimi Global Equity strategy and 50% allocation to the Plurimi AI short strategy and is rebalanced monthly. Stock selection is driven by artificial intelligence with machine learning techniques.

Risk and return targets

- Typical Beta range 0.3 to 0.6
- Return target: 50% of MSCI World return + 5% per annum

Total return (%)



Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024 Plurimi AI Long Short	3.5	5.5											9.2
MSCI W*0.5	0.7	2.5											3.2
2023 Plurimi AI Long Short	-0.6	1.9	0.6	-1.5	-0.5	2.1	0.0	-0.8	-0.5	2.2	1.2	-2.2	1.9
MSCI W*0.5	2.3	-0.4	0.5	0.1	0.2	1.7	1.1	-0.4	-0.3	-1.2	2.4	2.1	8.5
2022 Plurimi AI Long Short	-4.1	1.8	6.6	-1.4	-0.1	-6.7	4.8	2.0	0.4	3.3	-2.6	-3.1	0.0
MSCI W*0.5	-2.2	-1.3	2.4	-1.9	-0.1	-2.6	3.9	0.1	-2.7	2.0	1.7	-2.6	-3.5
2021 Plurimi AI Long Short	-1.6	-0.5	1.5	4.6	-0.5	1.9	6.1	2.3	-2.0	0.9	0.7	1.8	15.9
MSCI W*0.5	-0.7	0.4	2.4	2.2	-0.6	2.2	0.6	1.8	-1.1	2.0	0.7	0.9	11.2
2020 Plurimi AI Long Short	2.3	-0.2	2.0	1.3	8.7	2.0	4.9	-0.5	0.7	-0.5	-1.6	3.2	24.2
MSCI W*0.5	0.0	-2.7	-5.3	4.5	3.5	1.4	-0.7	2.3	0.0	-1.5	4.6	0.9	6.8
2019 Plurimi AI Long Short											2.0	2.1	4.2
MSCI W*0.5											1.4	0.3	1.7

Total return in GBP terms. (1 Nov 2019 - 28 Feb 2024)
Net of annual 1.7% management and custody fees.

Source: Bloomberg/PW

Sector exposure and valuations

	AI Short *0.5	AI Long	Total		AI Long Short	MSCI W *0.5	Relative
Communication Serv.	-5.0	10.4	5.4	North America	27.3	36.3	-9.0
Consumer Discretionary	-6.9	16.8	9.9				
Consumer Staples	-3.4	5.2	1.8	UK	3.4	1.8	1.6
Energy	0.0	7.0	7.0	Switzerland	-1.7	1.4	-3.1
Financials	-8.2	16.0	7.8				
Health Care	-9.9	13.7	3.8				
Industrials	-5.0	12.4	7.4	Rest of Europe	120.3	5.8	114.5
Information Technology	-1.6	18.4	16.8	Japan	0.2	3.1	-2.9
Materials	-3.2	0.0	-3.2				
Real Estate	-3.5	0.0	-3.5	Asia & EM	-99.5	1.7	-101.1
Utilities	-3.3	0.0	-3.3				

Key points

Bottom-up stock selection driven by Artificial Intelligence (AI) and machine learning. Evaluating more than 5000 global companies.

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 positions in the strategy may rise leading to capital losses for this strategy. 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.

Risk (ex-ante), against MSCI World for relative

	100:50	MSCI W
Value at Risk (monthly 97.5%)	5.5%	7.6%
Beta	0.5	1.0
Volatility	9.7%	13.4%
AI predicted alpha	4.6%	0.0%

Performance indicators (%)

	AI 100:50	MSCI World
Annualised return	12.5	12.5
Annualised vol.	9.6	13.6
Sharpe ratio	1.1	0.8
Best month	8.7	9.3
Worst month	-6.7	-10.6
Max drawdown	-10.9	-26.1

Yield & earnings characteristics

	AI Long	AI Short	Net
Dividend Yield	2.1	4.2	2.8
Est P/E	13.7	15.4	13.2
Price to Cash Flow Ratio (P/CF)	10.5	8.1	

Top 10 positions

Longs	Shorts
NOVO NORDISK A/S-B	RIVIAN AUTOMOTIVE INC-A
STELLANTIS NV	DIGITAL REALTY TRUST INC
NVIDIA CORP	M3 INC
APPLIED MATERIALS INC	RAKUTEN GROUP INC
META PLATFORMS INC-CLASS A	TAKEDA PHARMACEUTICAL CO LTD
ALPHABET INC-CL C	BASF SE
HERMES INTERNATIONAL	FORD MOTOR CO
BANCO BILBAO VIZCAYA ARGENTA	UBS GROUP AG-REG
ADOBE INC	TELEFONICA SA
TENARIS SA	CARREFOUR SA

Source: Bloomberg/PW

The strategy rose by 5.5% in net terms for the month which compares to the MSCI World return of 5.0% in GBP terms. Since inception, the strategy has delivered an annualised return of 12.5% matching that of the MSCI World index.

Longs:

The strategy was up by 6.5% (+5.8% USD terms) in February.

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 18%. 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 8%. 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.

Short:

The strategy fell by 0.3% (+0.3% USD terms) in February.

New positions: **Pfizer's** significantly-reduced expectations for its Covid-19 franchise in 2024 is creating a headwind for the stock. The company's ongoing growth profile may make the company re-assess its dividend. We increased shorts in banks with new shorts in **PNC Financial and US Bancorp**, Smaller US banks may continue to face difficulty in retaining deposits, and paying higher deposit rates is negatively impacting profitability. **UBS** is coming under scrutiny, as there are reports the Swiss Competition Regulator favours a deeper probe of UBS's dominance of certain parts of the market after the acquisition of Credit Suisse last year. **M3** the online medical information provider posted a weak operating income for the third quarter that missed the average analyst estimate. We are concerned the 15x EV/EBITDA multiple the stock trades at is too demanding given pedestrian growth. **FedEx** is facing a weak demand backdrop. The company will need to cut costs dramatically to meet its targets for 2024. **Eisai** produces prescription drugs and medical equipment. The shares have been stagnant since summer, when it launched Leqembi, and potential treatment for Alzheimer's disease. The stock would be at risk if this drug fails to gain regulatory approval in the US or approval for health insurance reimbursement in Europe. **Boeing** continues to struggle with issues relating to its 737 Max. The US Justice Department looking into Boeing door issues, and the company has a deferred-prosecution agreement over 737 Max crashes. **Warner Brothers** has a \$40 billion debt overhang which will likely see higher interest expense as debt rolls over into the current higher interest rate environment.

Rivian was the strongest contributor for the month, falling 25%. The company is losing money, and is competing in a price sensitive industry. **EDP** fell 16%. The company missed analyst earnings estimates, as operating costs rose by 9% over the year.

Softbank was the biggest detractor. The company's holding of ARM rose sharply, pulling Softbank shares sharply higher.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: 50% MSCI World +5% p.a.

Holdings: 30 Long, 30 Short

Available formats:

Segregated account

UBS issued Actively Managed Certificates

ISIN:

GBP: CH0552928746

USD: CH0550137639

EUR: CH1141734074

Daily Pricing from UBS

Source: UBSF on Bloomberg

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