

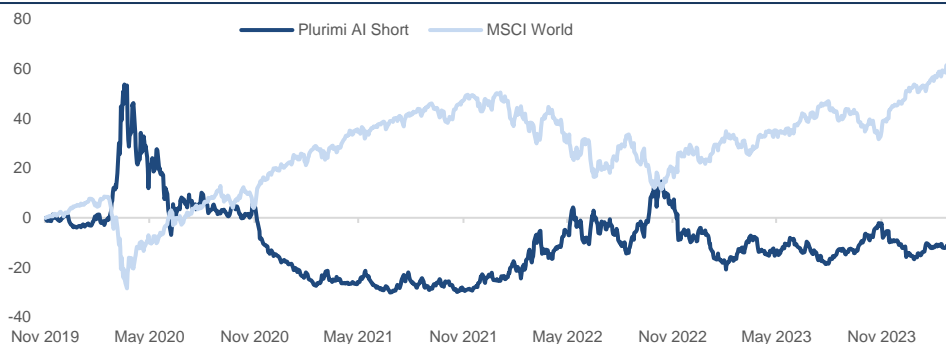
Objectives

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 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 Plurimi AI Short	4.7	0.3											5.0
MSCI World	1.2	4.3											5.6
2023 Plurimi AI Short	-11.8	5.2	-0.5	-1.9	7.3	-5.2	-5.9	4.6	5.2	7.5	-7.0	-8.4	-12.6
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
2022 Plurimi AI Short	6.4	3.1	4.2	10.4	-4.0	8.7	-7.6	4.8	17.3	-4.8	-13.7	1.7	25.0
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
2021 Plurimi AI Short	-4.1	-1.6	-3.1	-0.4	-2.2	-2.5	6.3	-4.4	3.6	-3.4	4.6	-0.6	-8.2
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
2020 Plurimi AI Short	4.7	10.5	20.7	-14.9	-2.7	-4.3	2.7	-7.4	2.5	1.6	-18.0	-6.3	-15.8
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
2019 Plurimi AI Short											-0.3	-2.6	-2.9
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 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 (%)

	AI Short	MSCI W	+/-
Communication Services	-10.0	7.4	2.6
Consumer Discretionary	-14.0	10.9	3.1
Consumer Staples	-6.8	6.6	0.2
Energy	0.0	4.2	-4.2
Financials	-16.5	15.1	1.4
Health Care	-19.4	12.1	7.3
Industrials	-10.0	11.1	-1.1
Information Technology	-3.3	24.1	-20.8
Materials	-6.4	3.8	2.6
Real Estate	-7.0	2.3	4.7
Utilities	-6.5	2.4	4.2

Regional allocation

	AI Short	MSCI W	+/-
North America	46.5	72.5	-26.0
UK	6.5	3.6	2.9
Switzerland	3.4	2.8	0.6
Rest of Europe	20.0	11.6	8.4
Japan	20.4	6.2	14.2
Asia & EM	3.3	3.4	0.0

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	8.4%
Beta	1.0
AI predicted alpha	+3.4%

Performance indicators

	AI Short	MSCI World
Annualised return	-3.5	11.7
Annualised volatility	25.4	18.6
Sharpe ratio	-0.2	0.5
Best month	20.7	12.8
Worst month	-18.0	-13.2
Max drawdown	-54.4	-34.0

Holdings

	(%)
RIVIAN AUTOMOTIVE INC-A	-3.7
DIGITAL REALTY TRUST INC	-3.7
M3 INC	-3.5
RAKUTEN GROUP INC	-3.5
TAKEDA PHARMACEUTICAL CO LTD	-3.4
BASF SE	-3.4
FORD MOTOR CO	-3.4
UBS GROUP AG-REG	-3.4
TELEFONICA SA	-3.4
CARREFOUR SA	-3.4
FEDEX CORP	-3.4
WARNER BROS DISCOVERY INC	-3.4
US BANCORP	-3.4
KAO CORP	-3.4
VOLKSWAGEN AG-PREF	-3.4
EXELON CORP	-3.4
WEST JAPAN RAILWAY CO	-3.4
CHINA VANKE CO LTD-H	-3.3
PNC FINANCIAL SERVICES GROUP	-3.3
INTEL CORP	-3.3
BOEING CO/THE	-3.3
VODAFONE GROUP PLC	-3.3
PFIZER INC	-3.2
HSBC HOLDINGS PLC	-3.2
EISAI CO LTD	-3.2
MORGAN STANLEY	-3.2
BAYER AG-REG	-3.2
EDP RENOVAVEIS SA	-3.2
INTL FLAVORS & FRAGRANCES	-3.0
ALNYLAM PHARMACEUTICALS INC	-2.9

Source: Bloomberg/PW

Commentary

The strategy rose 0.3% in February, despite a rise of 4.3% from the MSCI World.

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 26%. The company is losing money and is competing in a price sensitive industry. **EDP** fell 17%. The company missed analyst earnings estimates, as operating costs rose by 9% over the year.

Softbank, Estee Lauder and **NTT Data** were large detractors, and the positions were closed during the month. **Rakuten** also rose sharply, despite the losses the company continues to generate.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: +4% - MSCI World

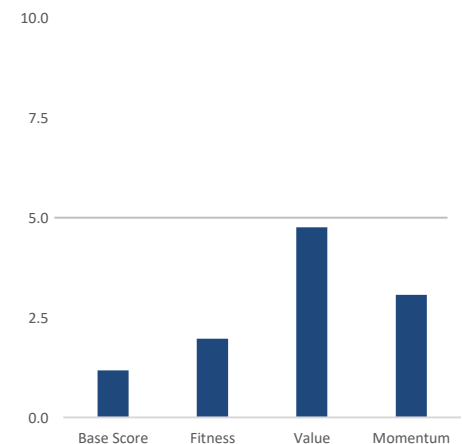
Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	6.1	2.2
Price to Earnings Ratio (P/E)	28	22.0
Price to Cash Flow Ratio (P/CF)	7.2	15.2
Price to Book Ratio (P/B)	1.1	3.2
Total Debt to Common Equity	164	141
Current Ratio	1.2	1.2
Est ROE	-7.4	29.4
Operating Income Growth	-3	2.7
Sales Growth	-1.8	3.9
Est P/E	15.7	18.2
Debt/EBITDA	6.3	3.2
Est EV/EBITDA	8.4	12.2
Profit Margin	2.4	9.6
ROC	4.9	7.2

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.

Style characteristics (5 is neutral with Index)



Source: BW/PW

1 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	-0.5	RIVIAN AUTOMOTIVE INC-A	-26.1
Consumer Discretionary	-0.4	EDP RENOVAVEIS SA	-16.6
Consumer Staples	-0.2	WARNER BROS DISCOVERY INC	-13.3
Energy	0.0	ALNYLAM PHARMACEUTICALS INC	-12.6
Financials	-0.1	EISAI CO LTD	-8.9
Health Care	1.0	Bottom contributors	Return
Industrials	-0.3	SOFTBANK GROUP CORP	25.3
Information Technology	-0.3	RAKUTEN GROUP INC	23.2
Materials	0.0	ESTEE LAUDER COMPANIES-CL A	10.8
Real Estate	-0.1	FORD MOTOR CO	8.9
Utilities	0.5	NTT DATA GROUP CORP	7.0

Source: PW/Bloomberg

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