Plurimi Balanced Strategy USD

February 2024

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Objectives

The objective of the Plurimi Balanced strategy is to achieve long-term capital appreciation through investments in a range of asset classes and types of investment vehicles. The strategy is a flexible and seeks to maximise returns vs a composite 50% MSCI World, 25% ICE US Treasury 7-10Y bonds and 25% iBoxx USD Liquid IG corporate bonds benchmark by employing active bottom-up stock selection, and tactical allocations across regions, styles and asset classes.

Risk and return targets

- Typical beta vs. MSCI World: 0.5
- Beta range: 0.3-0.7
- Return target: Composite benchmark +2 % per annum

Total return (%)

Total return in USD terms. (Jan 2017 - 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	1.0	3.2											**4.2**
2023	4.1	-2.3	2.3	0.6	-2.2	2.5	2.4	-2.0	-3.0	-0.7	5.5	3.5	**10.8**
2022	-3.8	0.3	2.0	-4.9	0.9	-7.6	5.7	-2.0	-7.1	5.0	4.2	-1.5	**-9.5**
2021	-0.7	1.4	1.2	4.0	2.7	0.9	2.7	2.2	-3.0	1.8	-2.3	2.4	**13.9**
2020	0.6	-3.3	-3.4	6.6	4.0	1.8	4.6	2.9	-1.1	-1.3	6.2	3.7	**22.9**
2019	2.4	0.7	1.8	0.8	-0.5	2.8	0.2	2.6	0.0	1.2	1.4	2.4	**17.0**

Total return for current and previous five calendar years in USD terms. (Jan 2019 - Feb 2024)
The returns are gross and do not reflect the deduction of investment management fees, which will reduce return. *Source: Bloomberg*

Equity sector exposure (scaled to 100%)

	Strategy	MSCI World	+/-
Communication Services	11.5	7.4	4.1
Consumer Discretionary	17.4	10.9	6.5
Consumer Staples	3.4	6.6	-3.2
Energy	6.5	4.2	2.3
Financials	17.6	15.1	2.5
Health Care	14.5	12.1	2.4
Industrials	12.6	11.1	1.5
Information Technology	16.5	24.1	-7.6
Materials	0.0	3.8	-3.8
Real Estate	0.0	2.3	-2.3
Utilities	0.0	2.4	-2.4

Key points

Stock selection driven by independent research and proprietary selection models.

Top-down regional and style allocations.

Flexibility to allocate to equities, fixed income, alternatives, commodities and cash.

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.

Relative risk vs composite benchmark

Tracking error (%)	4.8
Beta	0.8

Performance indicators (%)

	Strategy	Benchmark
Annualised return	9.1	6.9
Annualised volatility	9.3	10.6
Sharpe ratio	0.8	0.5
Best month	6.6	7.7
Worst month	-7.6	-7.4
Max drawdown	-18.1	-22.7

Holdings (%)

NOVO NORDISK A/S-B	2.7
NVIDIA CORP	2.7
STELLANTIS NV	2.6
APPLIED MATERIALS INC	2.5
META PLATFORMS INC-CLASS A	2.3
HARTFORD FINANCIAL SVCS GRP	2.2
VISA INC-CLASS A SHARES	2.2
BAE SYSTEMS PLC	2.2
HERMES INTERNATIONAL	2.2
RYANAIR HOLDINGS PLC	2.1
TENARIS SA	2.0
NINTENDO CO LTD	1.9
CITIGROUP INC	1.9
ADVANCED MICRO DEVICES	1.8
DANONE	1.7
ALPHABET INC-CL A	1.7
BANCO BILBAO VIZCAYA ARGENTA	1.7
ZOETIS INC	1.7
RECRUIT HOLDINGS CO LTD	1.7
LAS VEGAS SANDS CORP	1.7
AMAZON.COM INC	1.6
GSK PLC	1.6
ADOBE INC	1.4
OLYMPUS CORP	1.4
EOG RESOURCES INC	1.3
PAYPAL HOLDINGS INC	1.0
ALIBABA GROUP HOLDING-SP ADR	0.9
MITSUBISHI CORP	0.5
ISHARES 0-5 YR INV GRD CORP	8.5
TII 0 ⅝ 07/15/32	7.3
ISHARES IBOXX INVESTMENT GRA	6.3
TII 0 ⅛ 02/15/52	5.0
VZ 2 ⅝ 08/15/26	4.4
DD 4.493 11/15/25	2.9
WT AT1 COCO UCITS ETF USD	2.8
F 4.346 12/08/26	0.9
TABULA US ENHANCED INFLATION	6.3
BREVAN HOWARD AB RT G-A1 USD	2.3
USD	1.9

Source: Bloomberg

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Commentary

The strategy rose by 3.2% during the month, beating its composite benchmark which rose by 1.4%.

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, and **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. We think generative AI will continue to see new entrants, but Adobe`s strong position benefits from data it stores in its Digital Experience platform. It should keep the company delivering strong growth and profitability

Fixed income instruments moved lower in February. The iBoxx Investment grade Corporate Bond ETF fell by 2% while our shorter duration positioning delivered small losses but performed better than the fixed income benchmark. We expect the US Federal Reserve may begin cutting interest rates in Q2 2024. We expect longer duration yields may move higher by year end as inflation may prove to be sticky and debt issuance will remain elevated given budget deficits in an election year in the US .

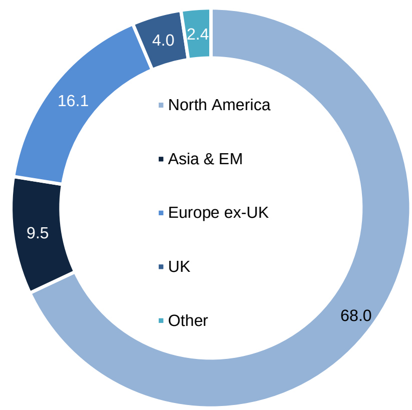
Geopolitical risks are still elevated but the Global economy is proving to continue to be very resilient. The employment backdrop remains very strong in the United States, with wage growth above 4%, unemployment below 4% and inflation at 3.1%. Unless something negatively impacts the job market, we expect consumption to be the engine the drives economic growth.

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

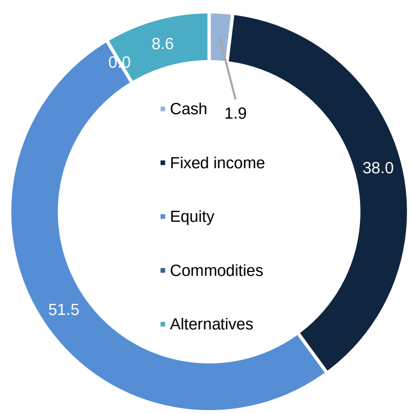
Target return: Composite benchmark +2% p.a.

Holdings: 39

Regional exposure (%)



Asset allocation (%)



1 month performance contribution (%)

	Attribution
Equity	3.8
Cash	0.0
Alternatives	-0.1
Fixed Income	-0.5

Top contributors	Return
NVIDIA CORP	28.6
META PLATFORMS INC-CLASS A	25.8
APPLIED MATERIALS INC	22.9
STELLANTIS NV	17.3
HERMES INTERNATIONAL	17.9

Bottom contributors	Return
ROCHE HOLDING AG-GENUSSCHEIN	-10.8
TII 0 ⅛ 02/15/52	-2.9
TII 0 ⅝ 07/15/32	-1.8
ADOBE INC	-9.3
ISHARES IBOXX INVESTMENT GRA	-1.9

Equity characteristics

	Strategy	MSCI World
Dividend Yield	2.8	2.2
Price to Earnings Ratio (P/E)	16.1	22.0
Price to Cash Flow Ratio (P/CF)	17.7	15.2
Price to Book Ratio (P/B)	2.8	3.2
Total Debt to Common Equity	155	141
Current Ratio	1.5	1.2
Est ROE	30.3	29.4
Op. Income Growth	14.9	2.7
Sales Growth	13.3	3.9
Est P/E	14.5	18.2
Debt/EBITDA	3.3	3.2
Est EV/EBITDA	15.2	12.2
Profit Margin	13.5	9.6
ROC	7.8	7.2

Source: Bloomberg

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