

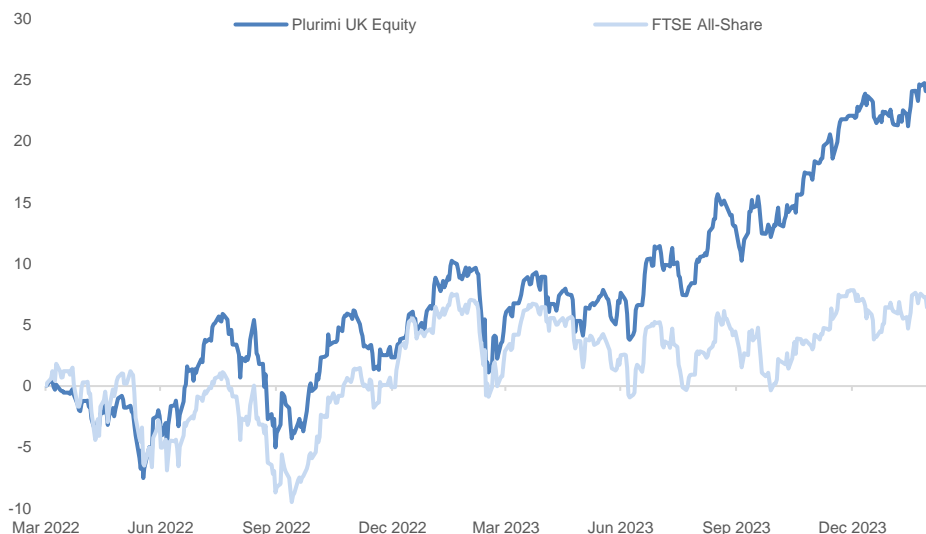
Objectives

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 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/PW

Monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024 Plurimi UK	-0.1	2.3											2.1
FTSE All	-1.3	0.2											-1.1
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 Nov 2018 - 29 Feb 2024)

Gross of all fees

Source: Bloomberg/PW

Sector exposure (%)

	Strategy	Benchmark	+/-
Communication Services	6.3	2.9	3.4
Consumer Discretionary	11.4	9.0	2.4
Consumer Staples	10.3	15.9	-5.7
Energy	11.5	11.5	0.0
Financials	21.6	18.5	3.1
Health Care	5.4	11.1	-5.7
Industrials	24.6	14.9	9.7
Information Technology	8.8	1.8	7.0
Materials	0.0	8.0	-8.0
Real Estate	0.0	2.5	-2.5
Utilities	0.0	3.8	-3.8

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 (%)	6.5
Beta	0.9
AI predicted alpha (%)	2.2
Active share (%)	76.0
Performance indicators	(%)

	Strategy	Benchmark
Annualised return	12.2	3.4
Annualised volatility	11.2	12.1
Sharpe ratio	0.8	0.0
Best month	10.4	7.1
Worst month	-6.3	-6.0
Max drawdown	-10.3	-11.1

Holdings

	(%)
SAGE GROUP PLC/THE	8.5
ROLLS-ROYCE HOLDINGS PLC	7.2
RELX PLC	6.9
BARCLAYS PLC	6.3
INFORMA PLC	6.1
WISE PLC - A	5.9
ASSOCIATED BRITISH FOODS PLC	5.7
PEARSON PLC	5.7
COMPASS GROUP PLC	5.3
BAE SYSTEMS PLC	5.3
GSK PLC	5.2
IG GROUP HOLDINGS PLC	4.5
BP PLC	4.5
SHELL PLC	4.5
EASYJET PLC	4.3
IMPERIAL BRANDS PLC	4.1
LONDON STOCK EXCHANGE GROUP	4.1
BRITISH POUND	3.8
HARBOUR ENERGY PLC	2.2

Source: Bloomberg/PW

Commentary

The strategy was up by 2.3% in February, beating the FTSE All-Share return of 0.2%.

During the month we sold Centrica and Astra Zeneca.

We added **EasyJet**. The company is seeing strong demand which is driving profit growth. It is adding seats via newer, larger planes in slot-constrained airports. The company's healthy cashflow supports its dividends and new investment in its fleet. The stock trades at less than 9x forecast earnings. **Barclays** was added based on its attractive valuation. Barclays' trades at less than 0.4x book valuation, which is among the lowest of major European peers. Its capital positions is also a strength, reaching 13.8% in 4Q.

Rolls Royce rose 22% in February. We expect Rolls Royce will 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. **Wise** rose 13.3% during the month. The company beat consensus estimates for revenue and earnings during the quarter, and this led to a wave of upgrades in target prices from sell side brokers. **Sage Group** rose 5%. 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.

Centrica was the largest detractor before its removal. **Imperial Brands** fell 8%. We expect the company's five-year recovery plan could lead to improved shareholder returns. Should consumers switch to next-generation products, such as; Combustible Cigarettes, Heated Tobacco, Vapes, Oral Nicotine Pouches, and Nicotine Replacement Therapy, the company's margins should improve.

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	3.3	4.0
Price to Earnings Ratio (P/E)	17.7	16.5
Price to Cash Flow Ratio (P/CF)	6.7	8.2
Price to Book Ratio (P/B)	2.0	1.6
Total Debt to Common Equity	206	115
Current Ratio	1.0	1.1
Est ROE	19.5	20.4
Operating Income Growth	10	-14.2
Sales Growth	5.5	-0.7
Est P/E	11.8	10.8
Debt/EBITDA	1.5	2.4
Est EV/EBITDA	5.8	7.0
Profit Margin	8.4	7.1
ROC	4.1	6.4

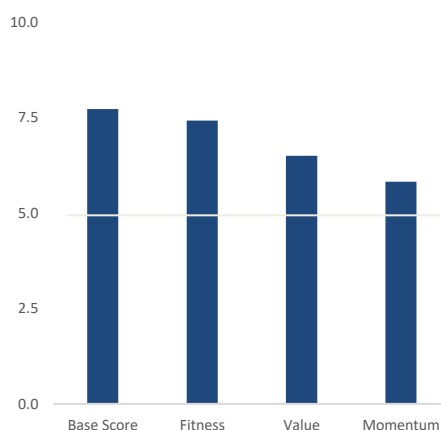
3 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	0.3	ROLLS-ROYCE HOLDINGS PLC	22.5
Consumer Discretionary	-0.1	WISE PLC - A	13.3
Consumer Staples	-0.5	SAGE GROUP PLC/THE	5.6
Energy	-0.1	RELX PLC	6.1
Financials	0.8	GSK PLC	7.2
Health Care	0.3		
Industrials	1.9		
Information Technology	0.5		
Materials	0.0		
Real Estate	0.0		
Utilities	-0.7		
		Bottom contributors	Return
		CENTRICA PLC	-9.9
		IMPERIAL BRANDS PLC	-7.7
		HARBOUR ENERGY PLC	-9.5
		ASSOCIATED BRITISH FOODS PLC	-2.9
		EASYJET PLC	-3.3

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

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