Plurimi AI Global Equity Strategy

March 2024

PLURIMI Wealth Redesigned

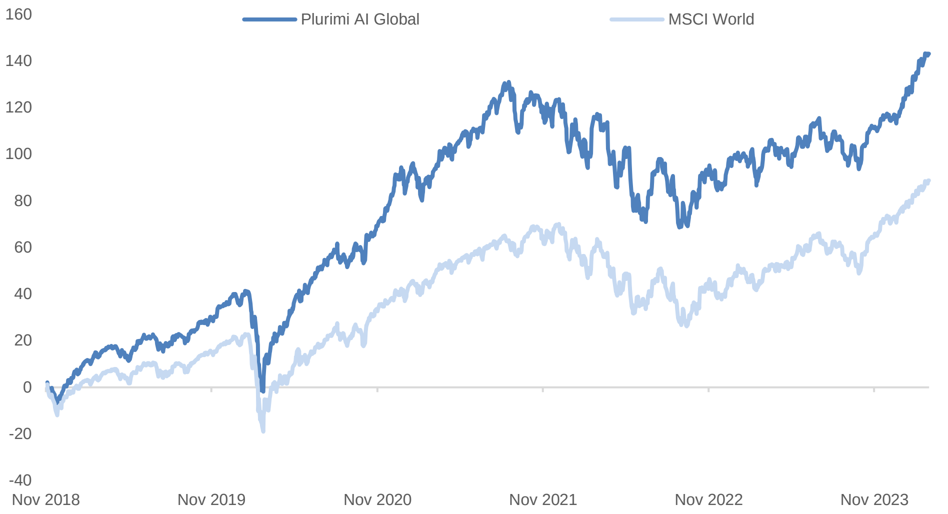
Objectives

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 Mar 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**	**4.4**										**12.1**
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 Mar 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	10.3	7.4	2.8
Consumer Discretionary	16.5	10.7	5.8
Consumer Staples	2.7	6.5	-3.8
Energy	7.4	4.5	3.0
Financials	17.1	15.4	1.8
Health Care	12.9	12.0	0.9
Industrials	15.5	11.2	4.3
Information Technology	17.6	23.7	-6.1
Materials	0.0	3.9	-3.9
Real Estate	0.0	2.3	-2.3
Utilities	0.0	2.4	-2.4

Regional allocation (%)

	PW AI	MSCI W	+/-
North America	50.1	72.5	-22.4
UK	6.7	3.6	3.1
Switzerland	0.0	2.8	-2.8
Rest of Europe	30.6	11.6	19.0
Japan	10.5	6.1	4.4
Asia & EM	2.1	3.4	-1.3

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 (%)	5.7
Beta	1.1
AI predicted alpha (%)	2.9
Active share (%)	87.1

Performance indicators (%)

	PW AI	MSCI World
Annualised return	18.1	12.6
Annualised volatility	18.0	18.0
Sharpe ratio	0.9	0.6
Best month	10.4	12.8
Worst month	-12.6	-13.2
Max drawdown	-30.5	-34.0

Holdings (%)

STELLANTIS NV	4.9
NVIDIA CORP	4.8
NOVO NORDISK A/S-B	4.6
BANCO BILBAO VIZCAYA ARGENTA	4.4
APPLIED MATERIALS INC	4.1
ALPHABET INC-CL C	4.1
META PLATFORMS INC-CLASS A	3.9
TENARIS SA	3.8
HERMES INTERNATIONAL	3.8
EOG RESOURCES INC	3.6
HARTFORD FINANCIAL SVCS GRP	3.6
BAE SYSTEMS PLC	3.5
AMAZON.COM INC	3.5
CITIGROUP INC	3.4
RYANAIR HOLDINGS PLC	3.4
RECRUIT HOLDINGS CO LTD	3.3
ADOBE INC	3.2
GSK PLC	3.2
VISA INC-CLASS A SHARES	3.2
CAPGEMINI SE	2.9
ZOETIS INC	2.8
DANONE	2.7
DEERE & CO	2.7
HITACHI LTD	2.5
ADVANCED MICRO DEVICES	2.5
PAYPAL HOLDINGS INC	2.5
NINTENDO CO LTD	2.3
OLYMPUS CORP	2.3
LAS VEGAS SANDS CORP	2.2
ALIBABA GROUP HOLDING-SP ADR	2.1

Source: Bloomberg/PW

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Commentary

The strategy was up by 4.4% in March, beating the MSCI World return of 3.3%. Year to date the strategy is up 12.1%, which compares to 8.9% from the MSCI World.

The strategy owns a significant, 28%, allocation to technology and communications stocks, but this is marginally less than the 31% allocation in the MSCI World. In aggregate the portfolios trades at 15x forecast earnings, which compares to the MSCI World which trades at 19x on the same basis.

In March the Fed increased its growth forecast, increased its predicted level of inflation, and lowered its forecast unemployment rate. It also kept its interest rate guidance unchanged. The Fed said it plans to be cutting interest rates into strong economic backdrop. This could be very supportive for equities in the coming quarters.

During the month we sold **Asahi** and added **Hitachi Limited.** Hitachi manufactures communications and electronic equipment, heavy electrical and industrial machinery, and consumer electronics. The Company's diverse product line ranges from nuclear power systems to kitchen appliances. We expect the company to see strong growth in transistors and other component pieces for electricity generation and distribution based on broad growth in demand, with AI demand a significant incremental driver. Hitachi's power-grid division might contribute to profit with margins closer to 10%. Also, Hitachi's strategic shift to become a technology-solutions provider could further improve its profit margins.

The strategy`s banks **BBVA** and **CitiGroup** rose by 20% and 14% respectively. A strong economic backdrop, better than anticipated loan growth and resilient asset quality has led to strong returns for these bank this year. **Nvidia** was again a top contributor in March, rising by 14%. The company released details on its latest artificial intelligence chips. The company expects significant growth for the memory chips used in AI systems to continue to be very strong in the coming years, which should support its p/e multiple of more than 30x.

Cyclical stocks and value equities moved higher, as the previously growth led equity rally broadened in March. **Deere** rose 13%. We think Deere`s solid cash flow should support dividends and share repurchases. **Tenaris** rose 11% . During the month it purchased a total of 774,526 ordinary shares for $14.7 million as part of the company's second tranche of its buyback program. **Stellanti**s rose 9% but still only trades at 6x forecast earnings. It is paying an annual dividend equating to an almost 6% yield. **EOG** rose by 12%. Oil prices rose by 5% to $83 a barrel in March.

Adobe fell 10% in March. The company reported earnings and revenues ahead of consensus, but it warned of increased competition in generative AI for images and video. Animal health company **Zoetis** fell 15%. Zoetis faces an EU antitrust probe into concerns the company thwarted the market entry of a dog pain-relief treatment that could have rivalled its own. Investigation could lead to a formal warning from EU regulators, with the risk of a future penalty of 10% of global turnover.

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

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

Holdings: 30

Portfolio characteristics

	AI PW	MSCI World
Dividend Yield	1.9	2.2
Price to Earnings Ratio (P/E)	16.3	22.6
Price to Cash Flow Ratio (P/CF)	17.1	15.7
Price to Book Ratio (P/B)	2.9	3.3
Total Debt to Common Equity	147	143
Current Ratio	1.4	1.2
Est ROE	29.6	29.2
Operating Income Growth	15	3.2
Sales Growth	11.3	4.5
Est P/E	14.8	18.6
Debt/EBITDA	3.0	3.2
Est EV/EBITDA	15.6	12.4
Profit Margin	13.7	9.6
ROC	8.3	7.1

1 month performance contribution (%)

	Attribution
Communication Services	0.3
Consumer Discretionary	0.4
Consumer Staples	0.0
Energy	0.8
Financials	1.7
Health Care	0.1
Industrials	1.1
Information Technology	0.0
Materials	0.0
Real Estate	0.0
Utilities	0.0

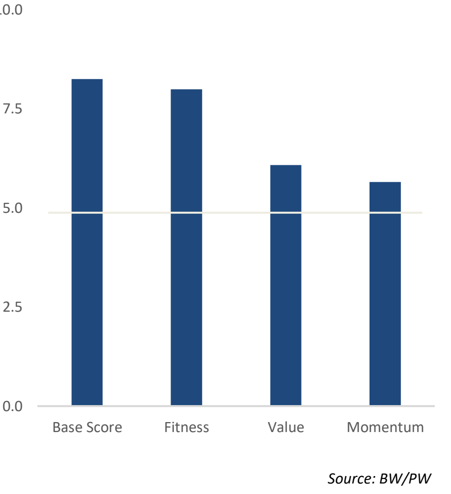
Source: PW/Bloomberg

Top contributors	Return
BANCO BILBAO VIZCAYA ARGENTA	19.8
NVIDIA CORP	14.2
CITIGROUP INC	14.0
STELLANTIS NV	8.8
TENARIS SA	11.2

Bottom contributors	Return
ZOETIS INC	-14.7
ADOBE INC	-9.9
CAPGEMINI SE	-5.4
ADVANCED MICRO DEVICES	-6.3
LAS VEGAS SANDS CORP	-5.2

Source: PW/Bloomberg

Style characteristics (5 is neutral with Index)



Source: BW/PW

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