

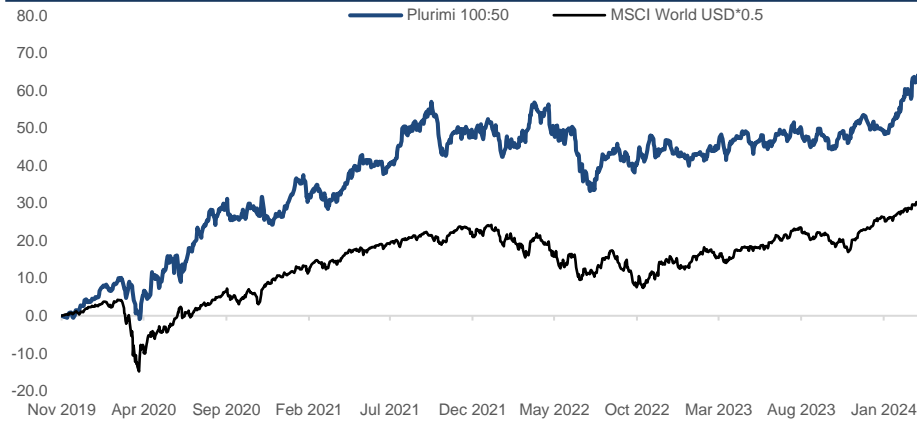
Objectives

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. 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 (%)



Monthly performance (%)

Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024 Plurimi AI Long Short	3.4	5.2	3.0										12.0
MSCI W*0.5	0.6	2.1	1.6										4.4
2023 Plurimi AI Long Short	0.7	1.1	1.6	-0.7	-1.0	3.4	0.6	-1.3	-2.6	1.9	3.3	-1.9	5.2
MSCI W*0.5	3.5	-1.2	1.5	0.9	-0.5	3.0	1.7	-1.2	-2.1	-1.4	4.7	2.5	11.9
2022 Plurimi AI Long Short	-4.4	1.2	5.5	-3.7	0.0	-8.4	4.8	-0.5	-1.6	5.0	-1.0	-2.5	-6.3
MSCI W*0.5	-2.6	-1.2	1.4	-4.1	0.1	-4.3	4.0	-2.1	-4.6	3.6	3.5	-2.1	-8.8
2021 Plurimi AI Long Short	-1.5	0.5	1.0	4.8	0.9	0.4	5.9	1.7	-3.0	1.6	-0.9	2.6	14.6
MSCI W*0.5	-0.5	1.3	1.7	2.3	0.7	0.8	0.9	1.3	-2.1	2.8	-1.1	2.2	10.8
2020 Plurimi AI Long Short	2.0	-1.8	0.6	2.3	7.5	2.0	8.0	0.6	-1.1	-0.3	-0.3	4.8	26.6
MSCI W*0.5	-0.3	-4.2	-6.6	5.5	2.4	1.3	2.4	3.4	-1.7	-1.5	6.4	2.1	8.8
2019 Plurimi AI Long Short											2.2	3.4	5.6
MSCI W*0.5											1.4	1.5	2.9

Total return in USD terms. (1 Nov 2019 – 29 Mar 2023)
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.	-6.7	10.3	3.6	North America	26.6	36.2	-9.6
Consumer Discretionary	-6.5	16.5	9.9				
Consumer Staples	-3.4	2.7	-0.7	UK	3.5	1.8	1.7
Energy	0.0	7.4	7.4	Switzerland	-1.6	1.4	-3.0
Financials	-8.4	17.1	8.7				
Health Care	-10.0	12.9	2.9				
Industrials	-3.2	15.5	12.3	Rest of Europe	20.4	5.8	14.6
Information Technology	-1.7	17.6	15.9	Japan	0.7	3.1	-2.3
Materials	-3.5	0.0	-3.5	Asia & EM	0.5	1.7	-1.2
Real Estate	-3.3	0.0	-3.3				
Utilities	-3.4	0.0	-3.4				

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%)	6.4%	8.6%
Beta	0.5	1.0
Volatility	11.2%	15.2%
AI predicted alpha	4.6%	0.0%

Performance indicators

	AI 100:50	MSCI World
Annualised return	12.4	12.3
Annualised vol.	10.5	18.5
Sharpe ratio	1.0	0.5
Best month	8.0	12.8
Worst month	-8.4	-13.2
Max drawdown	-15.2	-34.0

Yield & earnings characteristics

	AI Long	AI Short	Net
Dividend Yield	1.9	6.0	4.1
Est P/E	14.8	14.8	14.8
Price to Cash Flow Ratio (P/CF)	17.1	7.2	

Top 10 positions

Longs	Shorts
STELLANTIS NV	PNC FINANCIAL SERVICES GROUP
NVIDIA CORP	BAYER AG-REG
NOVO NORDISK A/S-B	EXELON CORP
BANCO BILBAO VIZCAYA ARGENTA	BASF SE
APPLIED MATERIALS INC	M3 INC
ALPHABET INC-CL C	CARREFOUR SA
META PLATFORMS INC-CLASS A	INTL FLAVORS & FRAGRANCES
TENARIS SA	INTEL CORP
HERMES INTERNATIONAL	US BANCORP
EOG RESOURCES INC	TELEFONICA SA

Source: Bloomberg/PW

Commentary

The strategy rose by 3.0% in net terms for the month compared to the MSCI World index return of 3.3%. Since inception, the strategy has delivered an annualised return of 12.4%, against 12.3% for the MSCI World.

Longs:

The strategy was up by 4.4% in March.

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. **Stellantis** 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.

Short:

The strategy fell 2.1% in March.

During the month we closed a short position in **Fedex** and added a short in **Charter Communications**. Charter operates as a broadband connectivity and cable operator company serving residential and commercial customers in the United States. It has a reputation for poor customer service, and client retention may be difficult with a wide array of competitors. The company sees potential to disrupt streaming services, but that view looks optimistic. A heavy debt load may limit Charter's financial flexibility and could spell trouble if revenue contracts.

China Vanke fell 11% during the month and was the top contributor. China Vanke operates real estate development businesses. The Company provides housing renovation, housing loans, real estate brokerage, and other businesses. The stock sold off after reporting a 46% tumble in its 2023 net income that missed analysts' estimates and underscored the nation's protracted property crisis.

Boeing fell 5%. The company continues to suffer with safety and durability issues with its aircraft, and it is also struggling with delivery problems. At month end Boeing announced that CEO Dave Calhoun will leave his position at the end of this year in the wake of safety issues. **Takeda Pharma** fell 4% in March. The company is engaged in research and development, manufacturing, sales and marketing, and import and export of pharmaceutical drugs. Strong competition in hematology is surpassing the company's ability to deliver strong growth. **Volkswagen** and **Rivian** fell in March despite a stronger backdrop for automobile stocks. These companies face stiff competition and are not showing the ability to deliver profit growth in VW's case or profits at all with Rivian.

Fedex, International Flavors & Fragrances, and **BASF** all rose more than 10%. We closed the short in Fedex towards month end. The company announced a 50% dividend reduction and a series of successful asset sales which improves its financial flexibility. The stock still trades at a premium to the S&P 500 on earnings, which we do not think is warranted. **BASF** rallied with other cyclicals in March. The company still faces a difficult environment in terms of revenue growth and input prices with energy costs moving higher.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

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

Holdings: 30 Long, 30 Short

Available in**Segregated account****UBS issued Actively Managed Certificates****ISIN:**

USD: CH0550137639

GBP: CH0552928746

EUR: CH1141734074

Daily Pricing from UBS

Source: UBSF on Bloomberg

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