

## 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 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
<b>2024 Plurimi AI Short</b>	<b>4.7</b>	<b>0.3</b>	<b>-2.1</b>										<b>2.8</b>
MSCI World	1.2	4.3	3.3										8.9
<b>2023 Plurimi AI Short</b>	<b>-11.8</b>	<b>5.2</b>	<b>-0.5</b>	<b>-1.9</b>	<b>7.3</b>	<b>-5.2</b>	<b>-5.9</b>	<b>4.6</b>	<b>5.2</b>	<b>7.5</b>	<b>-7.0</b>	<b>-8.4</b>	<b>-12.6</b>
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
<b>2022 Plurimi AI Short</b>	<b>6.4</b>	<b>3.1</b>	<b>4.2</b>	<b>10.4</b>	<b>-4.0</b>	<b>8.7</b>	<b>-7.6</b>	<b>4.8</b>	<b>17.3</b>	<b>-4.8</b>	<b>-13.7</b>	<b>1.7</b>	<b>25.0</b>
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
<b>2021 Plurimi AI Short</b>	<b>-4.1</b>	<b>-1.6</b>	<b>-3.1</b>	<b>-0.4</b>	<b>-2.2</b>	<b>-2.5</b>	<b>6.3</b>	<b>-4.4</b>	<b>3.6</b>	<b>-3.4</b>	<b>4.6</b>	<b>-0.6</b>	<b>-8.2</b>
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
<b>2020 Plurimi AI Short</b>	<b>4.7</b>	<b>10.5</b>	<b>20.7</b>	<b>-14.9</b>	<b>-2.7</b>	<b>-4.3</b>	<b>2.7</b>	<b>-7.4</b>	<b>2.5</b>	<b>1.6</b>	<b>-18.0</b>	<b>-6.3</b>	<b>-15.8</b>
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
<b>2019 Plurimi AI Short</b>											<b>-0.3</b>	<b>-2.6</b>	<b>-2.9</b>
MSCI World											2.8	3.0	5.9

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

	AI Short	MSCI W	+/-
Communication Services	-13.3	7.4	5.9
Consumer Discretionary	-13.1	10.7	2.4
Consumer Staples	-6.8	6.5	0.3
Energy	0.0	4.5	-4.5
Financials	-16.8	15.4	1.4
Health Care	-20.0	12.0	8.0
Industrials	-6.3	11.2	-4.9
Information Technology	-3.4	23.7	-20.3
Materials	-6.9	3.9	3.0
Real Estate	-6.6	2.3	4.4
Utilities	-6.7	2.4	4.3

## Regional allocation

	AI Short	MSCI W	+/-
North America	46.9	72.5	-25.5
UK	6.6	3.6	3.0
Switzerland	3.2	2.8	0.4
Rest of Europe	20.4	11.6	8.8
Japan	19.6	6.1	13.4
Asia & EM	3.3	3.4	-0.1

## 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	+3.3%

## Performance indicators

	AI Short	MSCI World
Annualised return	-3.7	12.3
Annualised volatility	25.1	18.5
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

	(%)
PNC FINANCIAL SERVICES GROUP	-3.7
BAYER AG-REG	-3.5
EXELON CORP	-3.5
BASF SE	-3.5
M3 INC	-3.5
CARREFOUR SA	-3.5
INTL FLAVORS & FRAGRANCES	-3.4
INTEL CORP	-3.4
US BANCORP	-3.4
TELEFONICA SA	-3.4
WARNER BROS DISCOVERY INC	-3.4
VOLKSWAGEN AG-PREF	-3.4
DIGITAL REALTY TRUST INC	-3.4
PFIZER INC	-3.4
VODAFONE GROUP PLC	-3.3
KAO CORP	-3.3
FORD MOTOR CO	-3.3
CHINA VANKE CO LTD-H	-3.3
TAKEDA PHARMACEUTICAL CO LTD	-3.3
ALNYLAM PHARMACEUTICALS INC	-3.3
MORGAN STANLEY	-3.3
RAKUTEN GROUP INC	-3.3
UBS GROUP AG-REG	-3.2
BOEING CO/THE	-3.2
CHARTER COMMUNICATIONS INC-A	-3.2
HSBC HOLDINGS PLC	-3.2
EDP RENOVAVEIS SA	-3.2
RIVIAN AUTOMOTIVE INC-A	-3.2
EISAI CO LTD	-3.2
WEST JAPAN RAILWAY CO	-3.1

Source: Bloomberg/PW

Commentary

The strategy fell 2.1% in March, amid a rise of 3.3% from the MSCI World.

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: +4% - MSCI World

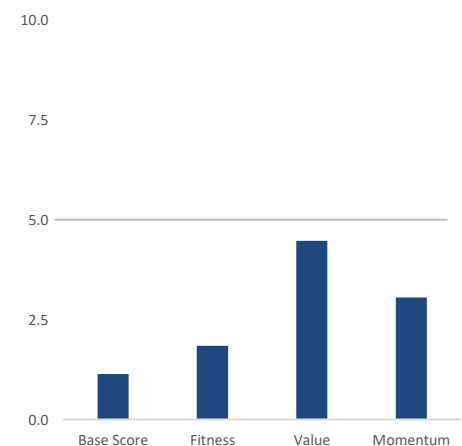
Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	6.0	2.2
Price to Earnings Ratio (P/E)	25	22.6
Price to Cash Flow Ratio (P/CF)	7.2	15.7
Price to Book Ratio (P/B)	1.1	3.3
Total Debt to Common Equity	164	143
Current Ratio	1.2	1.2
Est ROE	-8.7	29.2
Operating Income Growth	-4	3.2
Sales Growth	-3.5	4.5
Est P/E	14.8	18.6
Debt/EBITDA	5.9	3.2
Est EV/EBITDA	8.3	12.4
Profit Margin	2.5	9.6
ROC	4.8	7.1

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	-0.3	CHINA VANKE CO LTD-H	-10.5
Consumer Discretionary	-0.2	BOEING CO/THE	-5.3
Consumer Staples	0.0	TAKEDA PHARMACEUTICAL CO LTD	-3.6
Energy	0.0	VOLKSWAGEN AG-PREF	-2.3
Financials	-1.3	KAO CORP	-2.1
Health Care	0.0		
Industrials	-0.4	Bottom contributors	Return
Information Technology	-0.1	FEDEX CORP	16.2
Materials	-0.8	INTL FLAVORS & FRAGRANCES	14.4
Real Estate	0.4	BASF SE	12.1
Utilities	-0.2	PNC FINANCIAL SERVICES GROUP	9.8
		MORGAN STANLEY	9.4

Source: PW/Bloomberg

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