Plurimi Balanced Strategy GBP

March 2024

PLURIMI

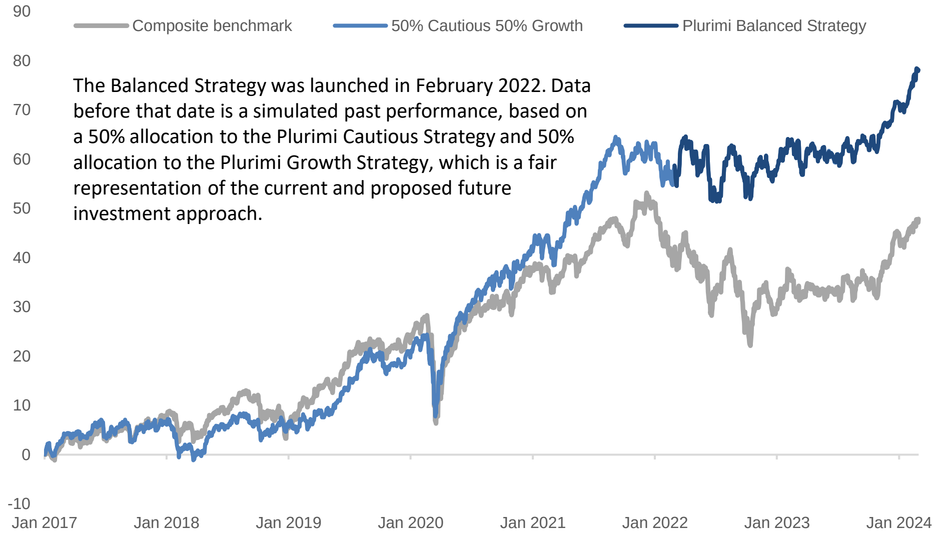
Objectives

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% FTSE UK Gilts and 25% Markit iBoxx GBP Liquid Corporate Large Cap 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

Strategy History and basis of Total Return calculations (%)



Total return in GBP terms. (Jan 2017 - 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	0.8	3.4	3.2										**7.5**
2023	2.8	-1.0	0.8	-0.3	-1.0	1.0	2.1	-0.7	-0.1	-0.2	2.7	2.9	**9.1**
2022	-3.2	0.7	3.1	-1.7	0.5	-5.7	4.7	0.3	-4.7	3.4	2.2	-2.0	**-3.0**
2021	-1.0	0.0	2.4	3.7	1.0	2.9	2.6	2.7	-2.0	0.3	0.1	1.5	**14.9**
2020	1.2	-2.3	-2.2	5.7	5.1	1.1	0.8	2.3	1.2	-1.6	3.3	2.1	**17.9**
2019	-0.1	-0.4	3.5	0.0	1.9	1.9	3.7	2.8	-0.2	-2.1	0.9	0.9	**13.4**

Total return for current and previous five calendar years in GBP terms. (Jan 2019 - Mar 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	9.5	7.4	2.1
Consumer Discretionary	16.4	10.7	5.7
Consumer Staples	2.7	6.5	-3.8
Energy	6.2	4.5	1.7
Financials	20.2	15.4	4.9
Health Care	13.2	12.0	1.3
Industrials	13.9	11.2	2.6
Information Technology	17.8	23.7	-5.8
Materials	0.0	3.9	-3.9
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 (%)	5.2
Beta	0.7

Performance indicators (%)

	Strategy	Benchmark
Annualised return	8.8	5.9
Annualised volatility	7.4	8.9
Sharpe ratio	1.0	0.5
Best month	5.7	7.3
Worst month	-5.7	-6.7
Max drawdown	-13.4	-20.3

Holdings (%)

STELLANTIS NV	3.1
NOVO NORDISK A/S-B	2.8
APPLIED MATERIALS INC	2.6
NVIDIA CORP	2.4
BANCO BILBAO VIZCAYA ARGENTA	2.2
HITACHI LTD	2.2
HARTFORD FINANCIAL SVCS GRP	2.1
BAE SYSTEMS PLC	2.0
VISA INC-CLASS A SHARES	2.0
META PLATFORMS INC-CLASS A	1.9
ALPHABET INC-CL A	1.9
TENARIS SA	1.9
CAPGEMINI SE	1.8
BARCLAYS PLC	1.8
GSK PLC	1.8
RYANAIR HOLDINGS PLC	1.7
HERMES INTERNATIONAL	1.6
PLUS500 LTD	1.6
ADVANCED MICRO DEVICES	1.5
RECRUIT HOLDINGS CO LTD	1.5
AMAZON.COM INC	1.5
DANONE	1.4
EOG RESOURCES INC	1.4
ZOETIS INC	1.4
LAS VEGAS SANDS CORP	1.4
NINTENDO CO LTD	1.3
ALIBABA GROUP HOLDING-SP ADR	1.2
ADOBE INC	1.2
PAYPAL HOLDINGS INC	1.0
OLYMPUS CORP	1.0
ISHARES GBP CORP BOND 0-5YR	7.5
ISHARES CORE GBP CORP	6.0
AM UST GOV IN-LK BD-ETF GHD	5.6
UKT 3 ¼ 01/31/33	4.9
WT AT1 COCO ETF GBP HEDGED	4.0
HTHROW 6 ¾ 12/03/26	3.2
ISHARES USD TIPS GBP-H DIST	2.5
GS 3 ⅛ 07/25/29	1.3
VW 2 ¼ 04/12/25	1.3
TABULA US ENHANCED INF GBPHA	5.7
BRE HOWARD AB RT G-A2GBPACC	2.2
BRITISH POUND	2.7

Source: Bloomberg

Commentary

The strategy rose by 3.2% during the month, beating its composite benchmark which rose by 2.7%.

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 despite strong economic backdrop. This could be very supportive for equities in the coming quarters. We have the strategy positioned with a small overweight in equities.

During the month we 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.

Barclays and **BBVA** rose by 11% and 20% respectively. A strong economic backdrop, better than anticipated loan growth and resilient asset quality has led to strong returns for the banks this year. **Nvidia** was again a top contributor in March, rising by 15%. 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 equity rally broadened in March. **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** was a negative contributor as it 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.

Fixed income positions also rose for the month. The strategy`s TIPS rose by 0.8%, as longer-term yields moved lower. The strategy`s Corporate bond ETF rose by 1.8%, while short duration corporate bonds rose by 1.3%. We expect 10-year Gilt yields to continue a slow grind higher for the remainder of 2024, with a strong economy, large fiscal deficits, and looser monetary policy driving longer term yields higher.

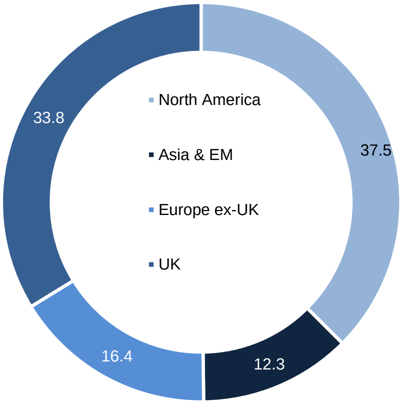
Geopolitical risks are still elevated but the global economy is proving to continue to be very resilient. The employment backdrop remains very strong in the United States, with wage growth above 4%, unemployment below 4% and inflation at 3.1%. Unless something negatively impacts the job market, we expect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

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

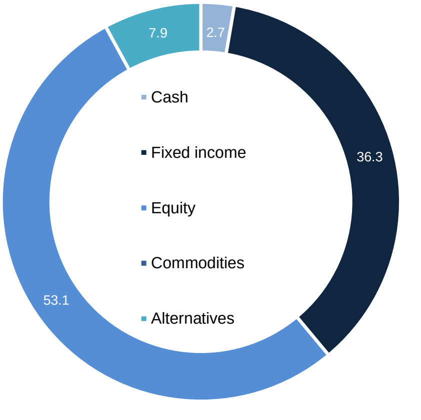
Target return: Composite benchmark +2% p.a.

Holdings: 42

Regional exposure (%)



Asset allocation (%)



1 month performance contribution (%)

	Attribution
Equity	2.7
Fixed Income	0.5
Alternatives	0.1
Cash	0.0

Top contributors	Return
BANCO BILBAO VIZCAYA ARGENTA	20.1
NVIDIA CORP	14.5
STELLANTIS NV	9.1
NOVO NORDISK A/S-B	8.1
HITACHI LTD	10.4

Bottom contributors	Return
ADOBE INC	-9.7
ADVANCED MICRO DEVICES	-6.0
CAPGEMINI SE	-5.1
LAS VEGAS SANDS CORP	-5.0
ZOETIS INC	-2.6

Equity characteristics

	Strategy	MSCI World
Dividend Yield	2.9	2.2
Price to Earnings Ratio (P/E)	14.0	22.6
Price to Cash Flow Ratio (P/CF)	14.3	15.7
Price to Book Ratio (P/B)	2.7	3.3
Total Debt to Common Equity	172	143
Current Ratio	1.5	1.2
Est ROE	29.6	29.2
Op. Income Growth	10.7	3.2
Sales Growth	7.2	4.5
Est P/E	13.6	18.6
Debt/EBITDA	1.1	3.2
Est EV/EBITDA	15.6	12.4
Profit Margin	14.5	9.6
ROC	7.6	7.1

Source: Bloomberg

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