

## Objectives

The objective of the Plurimi Cautious Strategy is to achieve long-term capital appreciation primarily through investments in a portfolio of global stocks and bonds. Tactically the strategy may also include exposure to commodities, real estate, and other alternative asset classes. The strategy is flexible and seeks to preserve capital on a 12-month basis and deliver a total return of inflation +2% per annum over a market cycle. Performance is compared to a composite index made up of 35% MSCI World, 32.5% Iboxx Investment Grade, and 32.5% 7-10 year US Treasury Index.

## Risk and return targets

- Return target: CPI +2% per annum.
- Typical beta vs MSCI World: 0.4-0.6

## Total return (%)



Total return in USD 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        |
|-------------|------|------|------|------|------|------|-----|------|------|------|------|------|-------------|
| <b>2024</b> | 0.5  | 0.6  | 1.8  |      |      |      |     |      |      |      |      |      | <b>2.9</b>  |
| <b>2023</b> | 3.5  | -2.4 | 2.2  | 0.7  | -1.2 | 1.5  | 1.8 | -0.4 | -2.2 | -0.3 | 4.1  | 2.7  | <b>10.4</b> |
| <b>2022</b> | -2.7 | 0.1  | 0.8  | -3.6 | 0.9  | -5.5 | 3.7 | -2.2 | -5.6 | 3.5  | 3.5  | -0.9 | <b>-8.3</b> |
| <b>2021</b> | -1.1 | 0.7  | 0.5  | 3.2  | 2.4  | 0.0  | 3.0 | 1.3  | -2.3 | 0.9  | -1.7 | 2.0  | <b>9.0</b>  |
| <b>2020</b> | 1.1  | -2.1 | -2.0 | 4.4  | 2.1  | 0.5  | 3.4 | 2.4  | -0.7 | -0.9 | 4.4  | 2.2  | <b>15.8</b> |
| <b>2019</b> | 1.5  | -0.1 | 1.9  | 0.0  | 0.9  | 1.9  | 0.1 | 3.3  | -1.0 | 0.8  | 0.7  | 1.3  | <b>11.8</b> |

Total return in USD terms. (Jan 2019 - Mar 2024)

Gross of fees. Current year and previous five calendar years shown.

Source: Bloomberg

## Equity sector exposure (scaled to 100%)

|                        | Cautious | MSCI World |
|------------------------|----------|------------|
| Communication Services | 11.3     | 7.4        |
| Consumer Discretionary | 8.1      | 10.7       |
| Consumer Staples       | 4.2      | 6.5        |
| Energy                 | 10.5     | 4.5        |
| Financials             | 23.2     | 15.4       |
| Health Care            | 16.9     | 12.0       |
| Industrials            | 6.7      | 11.2       |
| Information Technology | 19.0     | 23.7       |
| Materials              | 0.0      | 3.9        |
| Real Estate            | 0.0      | 2.3        |
| Utilities              | 0.0      | 2.4        |

## Equity characteristics (scaled to 100%)

|                                 | Cautious | MSCI World |
|---------------------------------|----------|------------|
| Dividend Yield                  | 3.0      | 2.2        |
| Price to Earnings Ratio (P/E)   | 16.9     | 22.6       |
| Price to Cash Flow Ratio (P/CF) | 23.8     | 15.7       |
| Price to Book Ratio (P/B)       | 3.1      | 3.3        |
| Total Debt to Common Equity     | 155      | 143        |
| Current Ratio                   | 1.5      | 1.2        |
| BEST ROE                        | 40.1     | 29.2       |
| Op. Income Growth               | -1.0     | 3.2        |
| Sales Growth                    | 13.7     | 4.5        |
| BEST P/E                        | 14.7     | 18.6       |
| Debt/EBITDA                     | 3.8      | 3.2        |
| BEST EV/EBITDA                  | 8.0      | 12.4       |
| Profit Margin                   | 14.1     | 9.6        |
| ROC                             | 7.9      | 7.1        |

## Key points

Defensive strategy designed to protect capital in the short term and grow purchasing power over a cycle.

Objective stock selection process utilises independent research and proprietary screens.

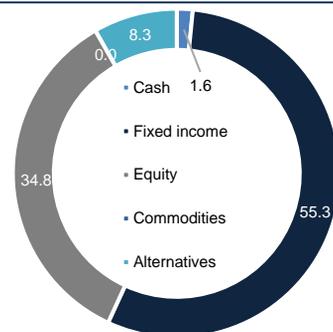
Top-down regional, asset class and style allocations to enhance returns and mitigate macro risks.

Portfolio characteristics skewed towards value, quality, and yield.

## 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 with positions up to 4 and 9% respectively.

## Asset allocation (%)



## Holdings (%)

| Company                      | Percentage (%) |
|------------------------------|----------------|
| NOVO NORDISK A/S-B           | 2.8            |
| VISA INC-CLASS A SHARES      | 2.4            |
| EOG RESOURCES INC            | 2.4            |
| X NIKKEI 225 1D              | 2.4            |
| ALPHABET INC-CL A            | 2.3            |
| BAE SYSTEMS PLC              | 2.2            |
| CITIGROUP INC                | 2.1            |
| APPLE INC                    | 1.9            |
| APPLIED MATERIALS INC        | 1.8            |
| MERCK & CO. INC.             | 1.6            |
| PLUS500 LTD                  | 1.6            |
| STELLANTIS NV                | 1.6            |
| META PLATFORMS INC-CLASS A   | 1.4            |
| HARTFORD FINANCIAL SVCS GRP  | 1.4            |
| DANONE                       | 1.4            |
| ADOBE INC                    | 1.3            |
| MICROSOFT CORP               | 1.1            |
| ZOETIS INC                   | 1.1            |
| LAS VEGAS SANDS CORP         | 1.0            |
| TENARIS SA                   | 1.0            |
| ISHARES IBOXX INVESTMENT GRA | 9.7            |
| ISHARES 0-5 YR INV GRD CORP  | 9.4            |
| TII 0 % 07/15/32             | 7.2            |
| WT AT1 COCO UCITS ETF USD AC | 5.7            |
| TII 0 % 01/15/28             | 5.6            |
| TII 1 % 07/15/33             | 3.8            |
| DD 4.493 11/15/25            | 3.5            |
| TII 0 % 02/15/52             | 3.1            |
| JPM 0.969 06/23/25           | 3.0            |
| AAPL 3 11/13/27              | 2.6            |
| F 4.346 12/08/26             | 1.8            |
| TABULA US ENHANCED INFLATION | 5.2            |
| BREXAN HOWARD AB RT G-A1 USD | 3.1            |
| US DOLLAR                    | 1.6            |

Source: Bloomberg/PW

## Commentary

The strategy rose 1.8% in March, amid a rise of 1.9% from the composite benchmark.

The strategy's equities rose 3.3% in March, marginally better than the MSCI World. **CitiGroup** rose by 14%. A strong economic backdrop, better than anticipated loan growth and resilient asset quality has led to strong returns for the bank this year. **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%. The company 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.

We have kept the strategy with a neutral 35% position in equities. Tailwinds from strong real household income growth, a recovery in manufacturing, and a Fed which has indicated it expects to be cutting rates into a strong economic backdrop should continue to fuel the equity rally. A strong employment backdrop should see wage growth outstripping inflation in the coming three quarters, which should continue to produce disposable income growth.

Fixed income positions also rose for the month. The strategy's TIPS rose by almost 1%, as longer-term yields moved lower. The strategy's Corporate bond ETF rose by 1.5%, while short duration corporate bonds rose by 0.6%. We expect 10-year 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.

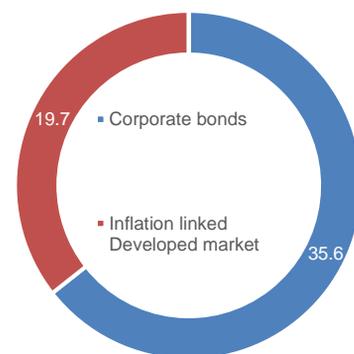
### Strategy managers:

Patrick Armstrong, CFA  
Eugen Fostiak

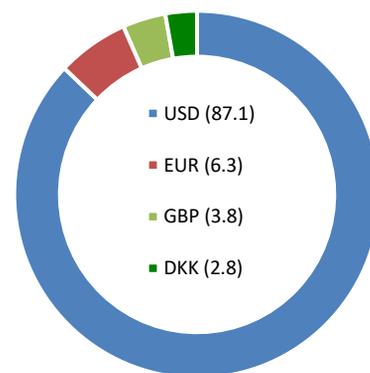
**Target return:** CPI +2% per annum

**Holdings:** 34

### Fixed Income type (% of portfolio)



### Currency (%)



### Performance attribution (%)

|              | Since inception | 1 month |
|--------------|-----------------|---------|
| Equity       | +36.7           | +1.2    |
| Fixed Income | +18.5           | +0.5    |
| Commodities  | +3.1            | +0.0    |
| Alternative  | -2.8            | +0.1    |
| Cash         | +0.2            | +0.0    |

| Top 5 contributors | 1 month return |
|--------------------|----------------|
| CITIGROUP INC      | +14.0          |
| EOG RESOURCES INC  | +11.7          |
| NOVO NORDISK A/S-B | +7.9           |
| ALPHABET INC-CLA   | +9.0           |
| BAE SYSTEMS PLC    | +8.4           |

| Bottom 5 contributors   | 1 month return |
|-------------------------|----------------|
| ZOETIS INC              | -14.7          |
| ADOBE INC               | -9.9           |
| APPLE INC               | -5.1           |
| LAS VEGAS SANDS CORP    | -5.2           |
| VISA INC-CLASS A SHARES | -1.3           |

### Portfolio characteristics (%)

|                               |     |
|-------------------------------|-----|
| Volatility (ex-ante)          | 7.7 |
| Value at Risk (Monthly 97.5%) | 4.4 |

### Performance indicators

|                       | Plurimi Cautious | Composite Benchmark |
|-----------------------|------------------|---------------------|
| Annualised return     | 6.3              | 5.4                 |
| Annualised volatility | 6.9              | 8.9                 |
| Sharpe ratio          | 0.6              | 0.4                 |
| Best month            | 4.4              | 7.1                 |
| Worst month           | -5.6             | -6.7                |
| Max drawdown          | -15.6            | -22.0               |

**DISCLAIMER**

The Plurimi Cautious Strategy was previously called the Plurimi Dynamic Strategy until October 2021.

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