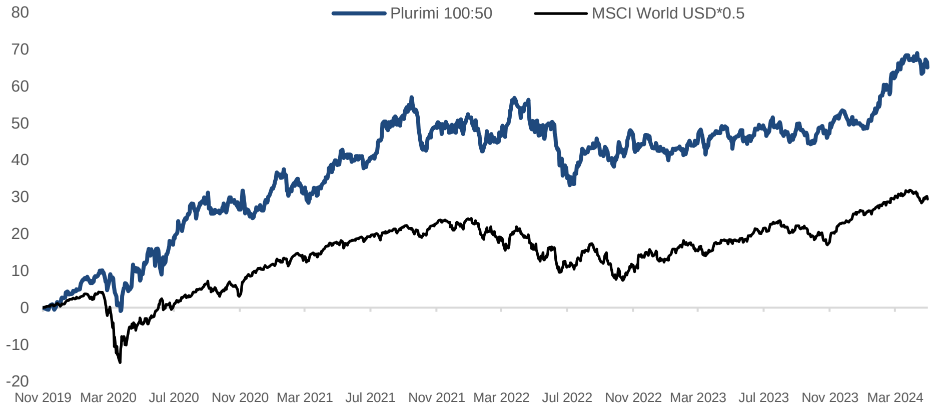
Objectives

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**	**-1.3**									**10.6**
MSCI W*0.5	0.6	2.1	1.6	-1.8									2.5
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 – 30 Apr 2023)
Net of annual 1.7% management and custody fees.

Source: Bloomberg/PW

Sector exposure and valuations

	AI Short *0.5	AI Long	Total
Communication Serv.	-5.1	10.4	5.3
Consumer Discretionary	-6.9	16.0	9.1
Consumer Staples	-5.3	2.7	-2.5
Energy	-1.4	7.3	5.9
Financials	-6.8	17.2	10.4
Health Care	-9.8	13.3	3.4
Industrials	-3.3	15.9	12.5
Information Technology	-1.5	17.2	15.7
Materials	-3.3	0.0	-3.3
Real Estate	-3.1	0.0	-3.1
Utilities	-3.4	0.0	-3.4

	AI Long Short	MSCI W *0.5	Relative
North America	28.3	36.1	-7.8
UK	3.5	1.9	1.6
Switzerland	-3.2	1.4	-4.6
Rest of Europe	19.5	5.8	13.7
Japan	0.9	3.0	-2.1
Asia & EM	1.0	1.7	-0.7

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%)	6.3%	8.6%
Beta	0.5	1.0
Volatility	11.2%	15.2%
AI predicted alpha	4.8%	0.0%

Performance indicators (%)

	AI 100:50	MSCI World
Annualised return	11.8	11.2
Annualised vol.	10.5	18.4
Sharpe ratio	0.9	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	2.8
Est P/E	14.0	20.6	13.0
Price to Cash Flow Ratio (P/CF)	15.9	10.4	

Top 10 positions

Longs	Shorts
NOVO NORDISK A/S-B	KAO CORP
NVIDIA CORP	LUCID GROUP INC
ALPHABET INC-CL C	HSBC HOLDINGS PLC
BANCO BILBAO VIZCAYA ARGENTA	EISAI CO LTD
APPLIED MATERIALS INC	EXELON CORP
STELLANTIS NV	AT&T INC
EOG RESOURCES INC	CHARTER COMMUNICATIONS INC-A
HERMES INTERNATIONAL	PNC FINANCIAL SERVICES GROUP
BAE SYSTEMS PLC	PFIZER INC
META PLATFORMS INC-CLASS A	RIVIAN AUTOMOTIVE INC-A

Source: Bloomberg/PW

Commentary

The strategy fell by 1.3% in net terms for the month compared to the MSCI World index fall of 3.7%. Since inception, the strategy has delivered an annualised return of 11.8%, against 11.2% for the MSCI World.

Longs:

The strategy was down by 4.6% in April.

There were no changes to the strategy during the month.

Alphabet was the strongest contributor, rising by 8.1%. The company beat earnings and revenue estimates and provided positive guidance for future earnings. The company`s cloud business saw strong top and bottom-line contributions, and advertising revenue was strong in search and in its YouTube business. Despite the rise to a record price, the shares continue to offer good value in our opinion. **Alibaba** rose by 3.4%, making it the third largest contributor during a down month. Economic data out of China was not strong during the month but given the large decline in BABA shares it wasn't weak enough to push the stock lower. **Hitachi** rose by 1.1%. The company posted strong earnings at month end; it also announced a share buyback program equating to 2.3% of all shares outstanding. **EOG** benefitted from continued high oil prices, and some investors looking for equities which may benefit from geo-political risks in the Middle-East.

The stock market punished companies that missed earnings or provided weak guidance in April.

Tenaris fell by 15.2%. The stock gave back previous gains following earnings guidance that missed estimates. Tenaris sees sales lower than the first quarter . In the third quarter, they will have stoppages at many mills, in a focus to improve environmental characteristics at the expense of current profitability. **Las Vegas** Sands fell by 14.2%. The company reported below consensus earnings and ebitda. Renovations led to company specific miss, but industry wide discounting hurt margins for the company. At 15x forecast earnings, we think the stock offers good value from here. **Meta** fell by more than 10%. The company delivered earnings and revenue ahead of consensus, but the company increased its planned capital expenditure, which will reduce near term free cash flow for shareholders.

As the economy remains strong, the current correction looks as though it may now have run its course. Leading economic indicators are rising, and for the most part Q1 reporting season is delivering positive surprises. Renewed bi-partisan support in the US for both Israel and Ukraine could also reduce geopolitical concerns.

Apart from what seem to be ever-present geopolitical risk, US inflation remains too high, and this limits the Fed`s ability to cut rates as much as the market had been expecting at the beginning of the year.

Short:

The strategy rose 7.7% in April.

New additions: LUCID GROUP INC, AT&T INC, NESTLE SA-REG, NESTE OYJ.

Lucid manufactures luxury electric cars, and provides energy storage as well as original equipment solutions. Lucid likely needs $4 billion in additional financing in the coming years to launch two new planned vehicles on time. The company is not close to profitability and subdued demand for electric vehicles is making the path more difficult. Any delays in its roll out for new vehicles or a broad economic down turn may put the company`s viability into question. **AT&T** operates as a communications holding company. It has a $129 billion in net debt, with is almost 3x its ebitda. The company has narrowed its business to wireless and broadband services and is attempting to reduce capital expenditure. The upside in the stock seems likely to come form cost cutting, rather than revenue growth. We do not think low growth, with high debt is an attractive combination. **Nestle** is a packaged food company, that manufactures and markets a wide range of food products. The 2% decline in Nestle's 1Q 2024 volume mix is not consistent with a company trading at more than 20x earnings. We expect the company will continue to face difficulties with rising input prices, and this creates risks to consensus margin expansion that is forecast for the company. **Neste** operates as an independent northern European oil refining and marketing company. The Company focuses on traffic fuels and other value-added petroleum products with reduced environmental impact. The company delivered weak Q1 earnings in April, and scheduled maintenance at some refineries in the comping quarters will likely make growth challenging. The stock fell 18% after its addition to the strategy and was one of the largest monthly contributors.

Intel fell 30% in April and was the strongest contributor. The company delivered weak earnings and guidance during the month. AT 25x forecast earnings, the stock trades at a discount to other leading semi-conductor stocks but its lower growth and bottom decile margins do not warrant multiples that leading peers trade at. **M3** missed earnings estimates and fell 24% in April. The company lowered its guidance for 2025 profitability as well.

Kao was the largest detractor, rising by 11%. The company has seen strong growth is cosmetics and beauty segments, but the shares reflect the strong backdrop, as they now trade at 30x forecast earnings. **HSBC** rose 10% in April but at month end Chief Executive Noel Quinn unexpectedly said he would retire, leaving one of the world's largest banks without a clear successor as it navigates geopolitical tensions between the West and China.

Strategy managers:
Patrick Armstrong, CFA
Eugen Fostiak

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

Holdings: 30 Long, 30 Short

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