

April 2024

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 - 30 Apr 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 Plurimi AI Short	4.7	0.3	-2.1	7.7									10.7
MSCI World	1.2	4.3	3.3	-3.7									4.8
2023 Plurimi AI Short	-11.8	5.2	-0.5	-1.9	7.3	-5.2	-5.9	4.6	5.2	7.5	-7.0	-8.4	-12.6
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
2022 Plurimi AI Short	6.4	3.1	4.2	10.4	-4.0	8.7	-7.6	4.8	17.3	-4.8	-13.7	1.7	25.0
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
2021 Plurimi AI Short	-4.1	-1.6	-3.1	-0.4	-2.2	-2.5	6.3	-4.4	3.6	-3.4	4.6	-0.6	-8.2
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
2020 Plurimi AI Short	4.7	10.5	20.7	-14.9	-2.7	-4.3	2.7	-7.4	2.5	1.6	-18.0	-6.3	-15.8
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
2019 Plurimi AI Short											-0.3	-2.6	-2.9
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 30 Apr 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	-10.3	7.5	2.7
Consumer Discretionary	-13.7	10.6	3.1
Consumer Staples	-10.5	6.7	3.8
Energy	-2.8	4.7	-1.8
Financials	-13.6	15.4	-1.8
Health Care	-19.7	12.0	7.7
Industrials	-6.6	11.3	-4.7
Information Technology	-3.0	23.2	-20.2
Materials	-6.6	3.9	2.7
Real Estate	-6.2	2.2	4.0
Utilities	-6.8	2.5	4.3

Regional allocation

	AI Short	MSCI W	+/-
North America	44.7	72.2	-27.5
UK	6.8	3.8	3.0
Switzerland	6.4	2.8	3.6
Rest of Europe	19.5	11.7	7.9
Japan	19.6	6.0	13.6
Asia & EM	2.9	3.5	-0.6

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	9.6%
Beta	1.0
AI predicted alpha	+3.7%

Performance indicators

	AI Short	MSCI World
Annualised return	-2.0	11.2
Annualised volatility	25.1	18.4
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

	(%)
KAO CORP	-3.7
LUCID GROUP INC	-3.7
HSBC HOLDINGS PLC	-3.6
EISAI CO LTD	-3.6
EXELON CORP	-3.6
AT&T INC	-3.6
CHARTER COMMUNICATIONS INC-A	-3.5
PNC FINANCIAL SERVICES GROUP	-3.5
PFIZER INC	-3.5
RIVIAN AUTOMOTIVE INC-A	-3.5
CARREFOUR SA	-3.4
BAYER AG-REG	-3.4
INTL FLAVORS & FRAGRANCES	-3.4
BOEING CO/THE	-3.4
US BANCORP	-3.4
DIGITAL REALTY TRUST INC	-3.4
NESTLE SA-REG	-3.3
VOLKSWAGEN AG-PREF	-3.3
ALNYLAM PHARMACEUTICALS INC	-3.3
EDP RENOVEVEIS SA	-3.3
WEST JAPAN RAILWAY CO	-3.3
BASF SE	-3.2
RAKUTEN GROUP INC	-3.2
VODAFONE GROUP PLC	-3.2
TAKEDA PHARMACEUTICAL CO LTD	-3.2
UBS GROUP AG-REG	-3.1
INTEL CORP	-3.0
CHINA VANKE CO LTD-H	-2.9
NESTE OYJ	-2.8
M3 INC	-2.7

Source: Bloomberg/PW

Commentary

The strategy rose 7.7% in April, amid a fall of 3.7% from the MSCI World.

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: +4% - MSCI World

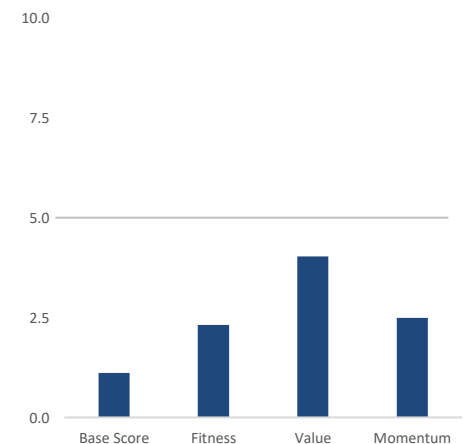
Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	6.0	2.2
Price to Earnings Ratio (P/E)	44	21.5
Price to Cash Flow Ratio (P/CF)	10.4	15.0
Price to Book Ratio (P/B)	1.1	3.2
Total Debt to Common Equity	140	143
Current Ratio	1.2	1.2
Est ROE	-8.1	32.6
Operating Income Growth	-2	2.2
Sales Growth	-0.4	4.2
Est P/E	20.6	17.8
Debt/EBITDA	6.1	3.2
Est EV/EBITDA	7.4	12.0
Profit Margin	1.7	9.5
ROC	5.0	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 (%)

Equity sector	Attribution	Top contributors	Return
Communication Services	0.6	INTEL CORP	-31.0
Consumer Discretionary	1.3	M3 INC	-23.9
Consumer Staples	-0.2	JPM LI-USD LIQ LVNAV-INST D	0.4
Energy	0.6	NESTE OYJ	-18.6
Financials	0.5	RIVIAN AUTOMOTIVE INC-A	-18.7
Health Care	1.5	CHINA VANKE CO LTD-H	-14.5
Industrials	0.7	Bottom contributors	Return
Information Technology	1.2	KAO CORP	11.3
Materials	0.1	HSBC HOLDINGS PLC	11.5
Real Estate	0.6	AT&T INC	2.4
Utilities	-0.1	EDP RENOVAVEIS SA	1.6
		LUCID GROUP INC	1.2

Source: PW/Bloomberg

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