

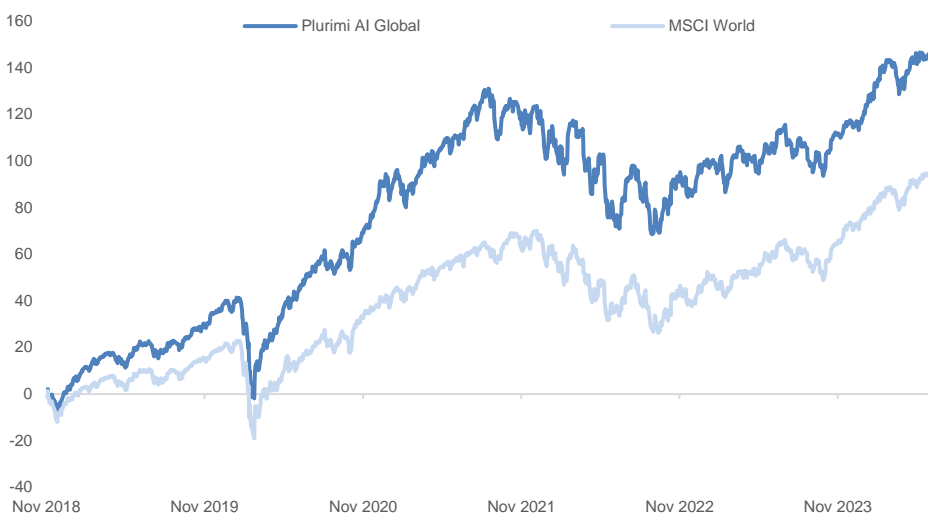
Objectives

The objective of the Plurimi AI global equity strategy is to achieve long-term capital appreciation through investments in global stocks. The strategy is always fully invested and seeks to maximise returns vs. the MSCI World benchmark by employing active bottom-up stock selection, which is driven by artificial intelligence with machine learning techniques, and discretionary top-down regional and style allocations.

Risk and return targets

- Typical beta: 1.0
- Beta range 0.9-1.1
- Return target: MSCI World +3% per annum over a market cycle

Total return (%)



Total return in USD terms. (30 Nov 2018 - 28 Jun 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	1.5	5.8	4.4	-4.6	4.7	0.6							12.6
2023	7.0	-1.4	2.6	0.8	-4.0	6.7	3.8	-3.2	-4.8	-1.3	7.7	2.9	16.7
2022	-7.1	-0.3	4.2	-8.2	1.8	-12.6	9.1	-2.5	-9.7	8.2	5.9	-3.8	-16.5
2021	0.5	1.5	2.5	5.2	2.7	2.1	3.0	4.1	-4.6	3.5	-3.1	3.4	22.4
2020	-0.2	-7.0	-9.7	9.9	8.9	4.3	6.7	4.5	-2.3	-0.9	10.4	7.6	34.4
2019	10.4	4.5	2.9	2.7	-5.2	7.8	0.7	-1.3	1.7	4.2	2.3	4.7	40.5
2018												-3.6	-3.6

Total return in USD terms. (30 Nov 2018 - 28 Jun 2024)

The returns are gross and do not reflect the deduction of investment management fees, which will reduce return.

Source: Bloomberg

Sector exposure (%)

	PW AI	MSCI W	+/-
Communication Services	11.9	7.8	4.1
Consumer Discretionary	11.3	10.2	1.1
Consumer Staples	5.7	6.3	-0.6
Energy	6.7	4.3	2.4
Financials	12.7	14.8	-2.1
Health Care	14.1	11.8	2.3
Industrials	12.8	10.7	2.1
Information Technology	18.2	25.9	-7.7
Materials	3.1	3.7	-0.6
Real Estate	0.0	2.1	-2.1
Utilities	3.5	2.4	1.0

Regional allocation

	PW AI	MSCI W	+/-
North America	55.6	73.7	-18.1
UK	9.2	3.6	5.6
Switzerland	0.0	2.8	-2.8
Rest of Europe	16.6	11.0	5.6
Japan	16.3	5.7	10.7
Asia & EM	2.3	3.3	-1.0

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.

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 stocks in the strategy may outperform or underperform the benchmark. The strategy is a focused portfolio and not as diversified as the benchmark. The strategy takes significant regional and sector differences from the benchmark which are intended to improve returns but can lead to capital loss.

Relative risk vs MSCI World (ex-ante)

Tracking error (%)	5.6
Beta	1.1
AI predicted alpha (%)	3.0
Active share (%)	87.5

Performance indicators

	PW AI	MSCI World
Annualised return	17.3	12.6
Annualised volatility	17.9	17.8
Sharpe ratio	0.8	0.6
Best month	10.4	12.8
Worst month	-12.6	-13.2
Max drawdown	-30.5	-34.0

Holdings

	(%)
NOVO NORDISK A/S-B	5.0
ALPHABET INC-CL C	4.9
APPLIED MATERIALS INC	4.7
NVIDIA CORP	4.7
RECRUIT HOLDINGS CO LTD	4.0
META PLATFORMS INC-CLASS A	4.0
EOG RESOURCES INC	3.6
ADOBE INC	3.5
HARTFORD FINANCIAL SVCS GRP	3.5
KANSAI ELECTRIC POWER CO INC	3.5
CITIGROUP INC	3.4
HERMES INTERNATIONAL	3.4
AMAZON.COM INC	3.3
ASSOCIATED BRITISH FOODS PLC	3.2
DEVON ENERGY CORP	3.1
HITACHI LTD	3.1
BAE SYSTEMS PLC	3.1
FREEMPORT-MCMORAN INC	3.1
OLYMPUS CORP	3.1
ZOETIS INC	3.0
VISA INC-CLASS A SHARES	3.0
PUBLICIS GROUPE	3.0
GSK PLC	3.0
PAYPAL HOLDINGS INC	2.8
RENESAS ELECTRONICS CORP	2.7
RYANAIR HOLDINGS PLC	2.6
ADVANCED MICRO DEVICES	2.6
DANONE	2.5
LAS VEGAS SANDS CORP	2.3
ALIBABA GROUP HOLDING-SP ADR	2.3

Source: Bloomberg/PW

Commentary

The strategy was up by 0.6% in June, lagging the MSCI World return of 2.1%. Year to date the strategy is up 12.6%, outpacing the index return of 11.7%.

Despite the strong monthly performance from the index, breadth was very narrow. Technology shares rallied by 8.8% in June, while the aggregate return of all the other sectors was negative. Regionally, the US market rose by 3.5%, while Europe, UK and Japan all delivered negative returns. The equally weight SP500 was also negative in June. The strategy's underweight in technology and 18% underweight in the US were both significant detractors during June .

During the month we removed **Stellantis, Capgemini**.

New additions:

Associated British Foods offers groceries, clothing, and household products and runs the popular Primark clothing retail chain. Primark, which represents 50% of ABF profits, has an aggressive plan for store openings in the US which should drive profit growth for the company. Consensus estimates for earnings growth are 20% in 2024, and the stock trades at less than 13x forecast earnings. **Renesas Electronics** researches, develops, designs and manufactures electronic components such as semiconductors and integrated devices. Renesas is well positioned to grow its sales due to its advanced chips for electric cars and data centres. Chip demand from data centres should rise in the coming years, which we expect will lead to higher gross margin for the company. The stock trades at 18.8x consensus earnings estimates.

Big cap tech were the major positive contributors in June. **Adobe** rose 25%. Adobe looks to be on track to grow sales at 11-14% over the next three years. It has a profit margin of more than 40% and the company should be a key beneficiary of increased spending on digital commerce, marketing and content creation. Generative-AI product Firefly could help drive revenue per user growth. **NVIDIA** rose 13% in June, briefly becoming the largest company in the world by market cap. We trimmed the position during this period, as the stock is rising due to multiple expansion as well as higher earnings estimates. **Meta, Amazon, Alphabet, and Applied Materials** all rose by more than 5% during the month.

GSK was the largest detractor, falling 14%. GSK suffered from two significant issues in June. At the beginning of the month Delaware State Court ruled that expert witnesses can present scientific evidence in the roughly 75,000 cases relating to the discontinued heartburn drug Zantac. The drug was manufactured and sold by several companies from the 1980s until 2020, when it was recalled over concerns it contained a probable carcinogen called NDMA. GSK deny there is a scientific consensus that the drug increases the risk of any cancer and said they would appeal the decision. Towards the end of the month US health officials recommended restricting vaccination with its RSV shot to people who are older and more at risk. The move could reduce the market for the UK drugmaker's blockbuster vaccine. We are sticking with the position as the market has overly discounted the risks in our opinion.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: MSCI World +3% p.a.

Holdings: 30

Portfolio characteristics

	AI PW	MSCI World
Dividend Yield	1.5	2.1
Price to Earnings Ratio (P/E)	19.6	22.9
Price to Cash Flow Ratio (P/CF)	17.8	16.3
Price to Book Ratio (P/B)	3.2	3.4
Total Debt to Common Equity	128	145
Current Ratio	1.2	1.2
Est ROE	29.5	31.8
Operating Income Growth	18	0.7
Sales Growth	6.5	3.9
Est P/E	16.4	18.5
Debt/EBITDA	3.4	3.2
Est EV/EBITDA	16.8	12.4
Profit Margin	12.3	9.5
ROC	8.0	7.0

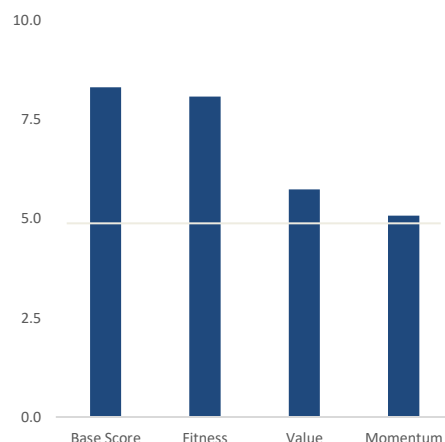
1 month performance contribution (%)

	Attribution
Communication Services	0.4
Consumer Discretionary	-0.1
Consumer Staples	-0.3
Energy	-0.1
Financials	-0.4
Health Care	0.0
Industrials	0.1
Information Technology	1.4
Materials	-0.3
Real Estate	0.0
Utilities	-0.3

Top contributors	Return
ADOBE INC	24.9
NVIDIA CORP	12.7
APPLIED MATERIALS INC	9.7
NOVO NORDISK A/S-B	7.1
META PLATFORMS INC-CLASS A	8.1

Bottom contributors	Return
GSK PLC	-14.1
FREEPORT-MCMORAN INC	-7.8
KANSAI ELECTRIC POWER CO INC	-7.0
PAYPAL HOLDINGS INC	-7.9
RYANAIR HOLDINGS PLC	-7.7

Style characteristics (5 is neutral with Index)



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