

August 2024

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 - 30 Aug 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	-0.2	3.5					16.3
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 - 30 Aug 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	11.3	7.5	3.8
Consumer Discretionary	12.2	10.1	2.0
Consumer Staples	9.3	6.4	2.9
Energy	6.4	4.3	2.1
Financials	13.7	16.2	-2.5
Health Care	9.4	11.4	-2.0
Industrials	17.1	10.5	6.6
Information Technology	14.8	24.6	-9.8
Materials	2.7	4.0	-1.3
Real Estate	0.0	2.2	-2.2
Utilities	3.2	2.6	0.5

Regional allocation

	PW AI	MSCI W	+/-
North America	65.0	66.0	-1.0
UK	3.2	3.3	-0.1
Switzerland	3.1	2.6	0.4
Rest of Europe	12.0	10.1	1.9
Japan	14.2	5.2	9.0
Asia & EM	2.6	12.8	-10.2

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 (%)	5.1
Beta	1.1
AI predicted alpha (%)	3.0
Active share (%)	86.6

Performance indicators

	PW AI	MSCI World
Annualised return	17.5	13.1
Annualised volatility	17.6	17.5
Sharpe ratio	0.9	0.6
Best month	10.4	12.8
Worst month	-12.6	-13.2
Max drawdown	-30.5	-34.0

Holdings

	(%)
RECRUIT HOLDINGS CO LTD	4.5
NVIDIA CORP	4.4
ALPHABET INC-CL C	4.3
META PLATFORMS INC-CLASS A	4.0
HARTFORD FINANCIAL SVCS GRP	3.9
APPLIED MATERIALS INC	3.8
ADOBE INC	3.6
EOG RESOURCES INC	3.5
DR HORTON INC	3.5
PAYPAL HOLDINGS INC	3.4
CITIGROUP INC	3.3
HITACHI LTD	3.3
WALMART INC	3.3
GENERAL ELECTRIC CO	3.2
ASSOCIATED BRITISH FOODS PLC	3.2
HERMES INTERNATIONAL	3.2
OLYMPUS CORP	3.2
KANSAI ELECTRIC POWER CO INC	3.2
ZOETIS INC	3.1
3M CO	3.1
SERVICENOW INC	3.1
VISA INC-CLASS A SHARES	3.1
ROCHE HOLDING AG-GENUSSCHEIN	3.1
PUBLICIS GROUPE	3.0
DASSAULT AVIATION SA	3.0
AMAZON.COM INC	2.9
DEVON ENERGY CORP	2.9
DANONE	2.8
FREEPORT-MCMORAN INC	2.7
ALIBABA GROUP HOLDING-SP ADR	2.6

Source: Bloomberg/PW

Commentary

The strategy was up by 3.5% in August, beating the MSCI World return of 2.7%.

New additions were the driver of the outperformance. At the beginning of the month, we added **Walmart**. It was the strongest contributor in August rising by 13.1% in August on the back of strong earnings and aggregate retail sales numbers. Walmart should be well positioned to expand its market share in the current environment where customers are becoming more cost conscious. Its scale and e-commerce gains and cost control are all driving higher profits for the company. **ServiceNow** rose 5.4% following its addition. ServiceNow provides enterprise information technology management software. The company designs, develops, and markets cloud computing platforms. 95% of revenue comes from subscriptions which makes it very predictable. The company's recent investor day highlighted a clear demand for its automation services, which are driving strong sales and margin growth. **Dassault Aviation** +7.5% since it was added. Dassault Aviation manufactures military aircraft, business jets, and space systems. The stock trades at less than 15x forecast earnings, and it should benefit from a longer-term trend of increased defense spending. **3M** rose 7.1% following its addition. 3M Company has operations in electronics, telecommunications, industrial, consumer and office, health care, and safety. A cost cutting program initiated in 2023 has led to margin expansion exceeding consensus expectations in recent quarters. **Roche** rose 5.7% after its addition. Roche is one of the world's largest pharmaceutical companies which operates in two divisions, Pharmaceuticals and Diagnostics. Roche's raised full-year earnings guidance in July and clinical trials have shown some early-stage success in obesity assets.

Meta rose 10%, as it significantly raised its revenue guidance for the coming quarter. **Hitachi** was the third largest contributor rising by 12.3% following strong earnings report with a wave of analyst upgrades.

Applied Materials was the most significant detractor in August, falling 6.9%. The stock suffered from tensions between US and China on potential increased chip restrictions attempting to cut China off from advanced technology. **Alphabet** fell 4.6%. It reported earnings that beat expectations, but its outlook was lower than some estimates.

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)	20.3	22.4
Price to Cash Flow Ratio (P/CF)	15.3	15.2
Price to Book Ratio (P/B)	3.4	3.1
Total Debt to Common Equity	126	131
Current Ratio	1.3	1.2
Est ROE	28.2	33.5
Operating Income Growth	12	1.4
Sales Growth	3.2	3.3
Est P/E	16.9	17.6
Debt/EBITDA	3.4	3.1
Est EV/EBITDA	15.4	3.0
Profit Margin	10.5	9.3
ROC	7.5	6.8

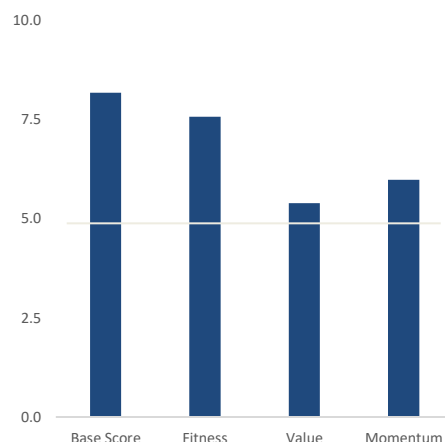
1 month performance contribution (%)

	Attribution	Top contributors	Return
Communication Services	0.3	WALMART INC	13.1
Consumer Discretionary	0.4	META PLATFORMS INC-CLASS A	9.8
Consumer Staples	0.7	HITACHI LTD	12.3
Energy	-0.1	RECRUIT HOLDINGS CO LTD	8.0
Financials	0.5	PAYPAL HOLDINGS INC	10.1
Health Care	0.6		
Industrials	1.2	Bottom contributors	Return
Information Technology	-0.1	APPLIED MATERIALS INC	-6.9
Materials	-0.1	ALPHABET INC-CL C	-4.6
Real Estate	0.0	RENESAS ELECTRONICS CORP	-6.9
Utilities	0.1	AMAZON.COM INC	-4.5
		DEVON ENERGY CORP	-4.8

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

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