

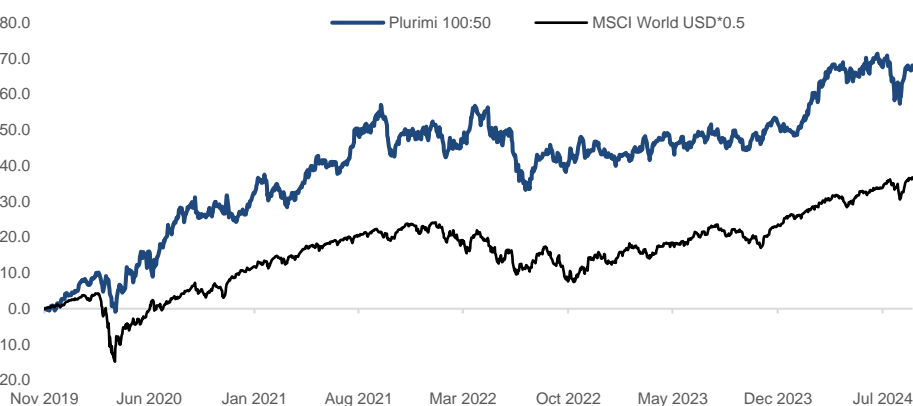
Objectives

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	1.0	0.8	-2.8	2.9					12.6
MSCI W*0.5	0.6	2.1	1.6	-1.8	2.3	1.0	0.9	1.3					8.3
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 Aug 2024)
Net of annual 1.7% management and custody fees.

Source: Bloomberg/PW

Sector exposure and valuations

	AI Short *0.5	AI Long	Total		AI Long Short	MSCI W *0.5	Relative
Communication Serv.	-8.6	11.3	2.7	North America	41.8	36.6	5.2
Consumer Discretionary	-7.9	12.2	4.3				
Consumer Staples	-4.9	9.3	4.3	UK	1.5	1.8	-0.4
Energy	0.0	6.4	6.4	Switzerland	-0.3	1.5	-1.7
Financials	-5.2	13.7	8.5				
Health Care	-8.3	9.4	1.1				
Industrials	-4.9	17.1	12.2	Rest of Europe	-1.5	5.6	-7.0
Information Technology	-3.3	14.8	11.6	Japan	5.9	2.9	3.0
Materials	-1.7	2.7	1.0	Asia & EM	2.6	1.7	0.9
Real Estate	-1.8	0.0	-1.8				
Utilities	-3.5	3.2	-0.3				

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%)	5.9%	8.7%
Beta	0.5	1.0
Volatility	10.5%	15.5%
AI predicted alpha	4.6%	0.0%

Performance indicators (%)

	AI 100:50	MSCI World
Annualised return	11.4	12.9
Annualised vol.	10.3	17.9
Sharpe ratio	0.9	0.6
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	1.5	6.1	3.5
Est P/E	16.9	18.8	15.1
Price to Cash Flow Ratio (P/CF)	15.3	9.0	40.7

Top 10 positions

Longs	Shorts
RECRUIT HOLDINGS CO LTD	PNC FINANCIAL SERVICES GROUP
NVIDIA CORP	SARTORIUS AG-VORZUG
ALPHABET INC-CL C	DIGITAL REALTY TRUST INC
META PLATFORMS INC-CLASS A	EXELON CORP
HARTFORD FINANCIAL SVCS GRP	NIPPON TELEGRAPH & TELEPHONE
APPLIED MATERIALS INC	AT&T INC
ADOBE INC	VODAFONE GROUP PLC
EOG RESOURCES INC	BAYER AG-REG
DR HORTON INC	US BANCORP
PAYPAL HOLDINGS INC	EDP RENOVAVEIS SA

Source: Bloomberg/PW

Commentary

The strategy rose by 2.9% in net terms for the month compared to the MSCI World index return of 2.7%. Since inception, the strategy has delivered an annualised return of 11.4%, against 12.9% for the MSCI World.

Longs:

The strategy was up by 3.5% in August.

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.

Short:

The strategy fell 0.7% in August.

New additions:

Sartorius manufactures and markets precision electronic equipment and components. The stock trades at 61x forecast earnings and the company recently cut its revenue targets for the year amid a prolonged slump in demand for lab equipment and services from pharma companies and China. Softbank is a Japanese conglomerate owning stakes in a wide variety of technology companies. SoftBank's weaker-than-expected 1Q results highlight our concerns over the company's AI execution risks. Arm accounts for 55% of SoftBank's holdings value, and possible exuberance over AI appears may fade. Kering designs, manufactures, and markets fashion and leather goods. The company's biggest brand, Gucci, is facing difficult headwinds. A weakening Chinese luxury consumer is hampering the company's margins and it has had difficulty reinvigorating growth and profitability over recent quarters.

Intel was the strongest contributor falling 27%. The company delivered a weak outlook and continues to lose market share. **MicroStrategy** fell 18%. The company is now essentially a levered play on bitcoin. With advent of Bitcoin etf's we expect investors looking to gain listed market exposure here will reduce demand for the company's shares. Rivian fell 14%. **Rivian** reported a worse-than-expected loss in the second quarter while revenue came in higher than analyst projections. The company continues to lose money, and it is battling in a very competitive market.

Starbucks was the largest detractor as it rose 22% following the appointment of a new CEO. The market is now pricing in a turnaround for growth that we consider may be difficult to achieve. **Lucid** continues to face cash flow woes and we have concern about its viability. The company continues to produce negative cashflow, but it did receive a \$1.5 billion commitment from a Saudi Arabian fund which alleviated some of the market's concerns. The stock jumped 14% during the month, but it is still short of the multi-billions of capital it needs to survive the coming years in our opinion.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

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

Holdings: 30 Long, 30 Short

Available in**Segregated account****UBS issued Actively Managed Certificates****ISIN:**

USD: CH0550137639

GBP: CH0552928746

EUR: CH1141734074

Daily Pricing from UBS

Source: UBSF on Bloomberg

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