

## 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 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
<b>2024 Plurimi AI Short</b>	4.7	0.3	-2.1	7.8	-5.9	1.6	-4.5	-0.7					0.4
MSCI World	1.2	4.3	3.3	-3.7	4.5	2.1	1.8	2.7					16.7
<b>2023 Plurimi AI Short</b>	-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
<b>2022 Plurimi AI Short</b>	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
<b>2021 Plurimi AI Short</b>	-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
<b>2020 Plurimi AI Short</b>	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
<b>2019 Plurimi AI Short</b>											-0.3	-2.6	-2.9
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 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 (%)

	AI Short	MSCI W	+/-
Communication Services	-17.2	7.5	9.6
Consumer Discretionary	-15.8	10.1	5.6
Consumer Staples	-9.9	6.4	3.5
Energy	0.0	4.3	-4.3
Financials	-10.4	16.2	-5.8
Health Care	-16.6	11.4	5.2
Industrials	-9.8	10.5	-0.7
Information Technology	-6.5	24.6	-18.1
Materials	-3.4	4.0	-0.6
Real Estate	-3.6	2.2	1.4
Utilities	-7.0	2.6	4.3

## Regional allocation

	AI Short	MSCI W	+/-
North America	46.4	66.0	-19.6
UK	3.5	3.3	0.2
Switzerland	6.6	2.6	4.0
Rest of Europe	27.0	10.1	16.8
Japan	16.5	5.2	11.3
Asia & EM	0.0	12.8	-12.8

## 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	10.9%
Beta	1.1
AI predicted alpha	+3.3%

## Performance indicators

	AI Short	MSCI World
Annualised return	-3.8	12.9
Annualised volatility	24.5	17.9
Sharpe ratio	-0.3	0.6
Best month	20.7	12.8
Worst month	-18.0	-13.2
Max drawdown	-54.4	-34.0

## Holdings

	(%)
PNC FINANCIAL SERVICES GROUP	-3.6
SARTORIUS AG-VORZUG	-3.6
DIGITAL REALTY TRUST INC	-3.6
EXELON CORP	-3.6
NIPPON TELEGRAPH & TELEPHONE	-3.5
AT&T INC	-3.5
VODAFONE GROUP PLC	-3.5
BAYER AG-REG	-3.5
US BANCORP	-3.4
EDP RENOVAVEIS SA	-3.4
INTEL CORP	-3.4
BASF SE	-3.4
STARBUCKS CORP	-3.4
NESTLE SA-REG	-3.4
VERIZON COMMUNICATIONS INC	-3.4
CARREFOUR SA	-3.3
LUCID GROUP INC	-3.3
SOFTBANK GROUP CORP	-3.3
VESTAS WIND SYSTEMS A/S	-3.3
UBS GROUP AG-REG	-3.3
EISAI CO LTD	-3.3
WEST JAPAN RAILWAY CO	-3.3
BOEING CO/THE	-3.3
KERING	-3.3
VOLKSWAGEN AG-PREF	-3.2
ESTEE LAUDER COMPANIES-CL A	-3.2
M3 INC	-3.2
MICROSTRATEGY INC-CL A	-3.1
HUMANA INC	-3.1
RIVIAN AUTOMOTIVE INC-A	-2.6

Commentary

The strategy fell 0.7% in August, amid a rise of 2.7% from the MSCI World.

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: +4% - MSCI World

Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	6.1	2.1
Price to Earnings Ratio (P/E)	42	22.4
Price to Cash Flow Ratio (P/CF)	9.0	15.2
Price to Book Ratio (P/B)	1.5	3.1
Total Debt to Common Equity	140	131
Current Ratio	1.2	1.2
Est ROE	-2.8	33.5
Operating Income Growth	31	1.4
Sales Growth	-4.6	3.3
Est P/E	18.8	17.6
Debt/EBITDA	5.6	3.1
Est EV/EBITDA	8.0	3.0
Profit Margin	2.0	9.3
ROC	4.0	6.8

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.

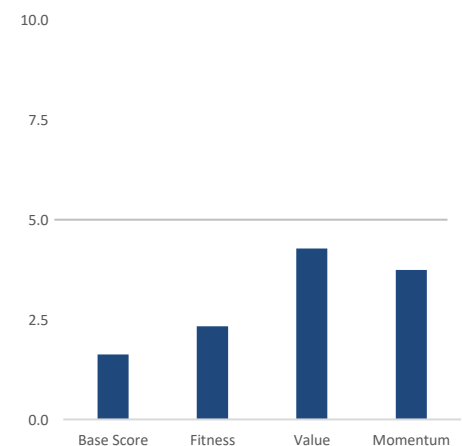
1 month performance contribution (%)

Equity sector	Attribution	Top contributors	Return
Communication Services	-0.4	INTEL CORP	-27.8
Consumer Discretionary	-0.7	MICROSTRATEGY INC-CL A	-18.0
Consumer Staples	-0.2	RIVIAN AUTOMOTIVE INC-A	-13.9
Energy	-0.4	BOEING CO/THE	-8.8
Financials	-0.3	ESTEE LAUDER COMPANIES-CL A	-7.3
Health Care	-0.3		
Industrials	0.6	Bottom contributors	Return
Information Technology	1.3	STARBUCKS CORP	22.1
Materials	-0.3	NESTE OYJ	11.7
Real Estate	0.0	LUCID GROUP INC	14.2
Utilities	-0.2	BASF SE	8.9
		CARREFOUR SA	8.1

Source: PW/Bloomberg

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Style characteristics (5 is neutral with Index)



Source: BW/PW

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