

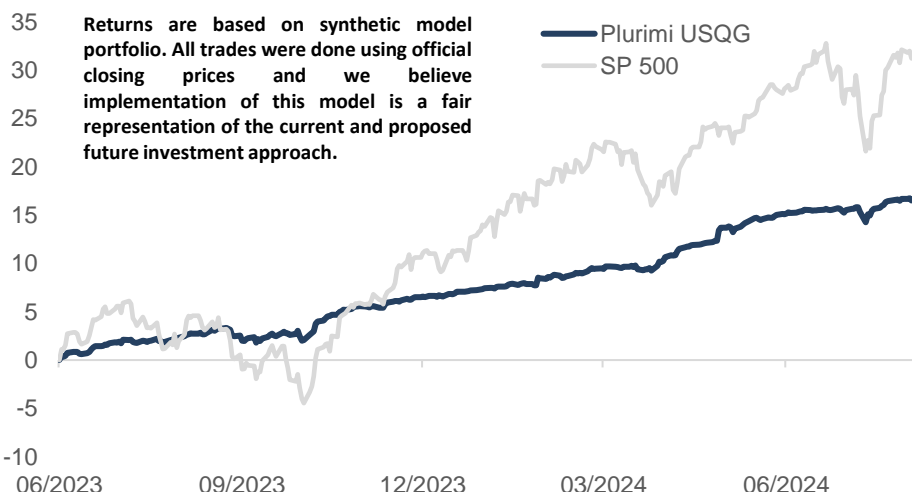
Objectives

The objective of the Plurimi US Quality Growth Derivative Strategy is to achieve consistent returns through investments in cash, bonds, equity derivatives (short positions) and equity positions. The strategy is generally allocated to cash, with short put options on quality growth companies used to generate a premium and create a buying discipline on stocks at levels below current prices. Stock selection, which is aided by artificial intelligence with machine learning techniques.

Risk and return targets

- Typical beta: 0.2 (Can rise towards 1 in equity selloffs)
- Beta range 0.0-1.0
- Return target: US Libor +4% per annum

Total return (%) Simulated Strategy Model returns from inception



Total return in USD terms. (June 26 2023 – August 30 2024). These are simulated model portfolio returns, which are gross of trading commissions and do not reflect the deduction of investment management fees, which will reduce return. Source: Plurimi Wealth Bloomberg

Monthly model performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024 USQG	+0.7	+1.0	+0.9	+1.0	+2.3	+1.4	+0.3	+1.1					+9.4
S&P 500	+1.7	+4.8	+3.8	+5.0	+3.6	+1.2	+3.8	+2.4					+19.5
2023 USQG						+0.8	+1.3	+0.9	-0.1	+0.5	+2.6	+1.0	+6.6
S&P 500						+2.7	+3.2	-1.5	-4.9	-2.1	+9.1	+4.5	+11.0

Total return in USD terms. (June 26 2023 – August 30 2024). These are simulated model portfolio returns, which are gross of trading commissions and do not reflect the deduction of investment management fees, which will reduce return. Source: Plurimi Wealth Bloomberg

Sector exposure (%) on notional of Derivatives

	USQG	S&P 500	+/-
Communication Services	17.6	8.6	9.0
Consumer Discretionary	5.9	10.0	-4.1
Consumer Staples	11.8	6.2	5.6
Energy	0.0	3.3	-3.3
Financials	11.7	13.1	-2.4
Health Care	11.7	12.2	-0.5
Industrials	5.9	8.4	-2.5
Information Technology	35.3	31.0	4.3
Materials	0.0	2.2	-2.2
Real Estate	0.0	2.5	-2.5
Utilities	0.0	2.5	-2.5

Monthly

Top contributors	Contribution
SPDR 1-3 MONTH T-Bill	0.5
AMZN 09/20/24 P160	0.1
MSFT 09/20/24 P400	0.1
ZTS 09/20/24 P165	0.1
LLY 09/20/24 P690	0.1

Bottom contributors	Return

Key points

Portfolio characteristics skewed towards high quality, and growth stocks. Stock selection aided by Plurimi Artificial Intelligence (AI) and machine learning process. Consistent and predictable income generated from option premia and cash positions. The strategy is moderately bullish and should perform well in rising, flat and moderately lower equity markets. In large equity drawdowns the strategy will own equity positions as these positions are put on the strategy.

Key risks

Capital is at risk. The use of derivatives may cap the upside of the strategy. The strategy is a focused portfolio, with significant stock specific risk. The strategy often exhibits low volatility, but individual equities are volatile and the positions in the strategy have equity like downside risk. The strategy takes significant sector differences from the benchmark which are intended to improve returns but can lead to capital loss. As equity markets fall, the equity exposure of strategy increases and decreases and equities rise.

Relative risk vs S&P 500 (ex-ante)

Delta (%)	0.2
Theta	0.2
Vega	-0.4
Beta	0.2

Performance indicators

	USQG	SP 500
Annualised return	11.0	19.1
Annualised volatility	3.0	12.0
Sharpe ratio	1.9	1.1
Best month	2.6	9.1
Worst month	-0.1	-4.9
Max drawdown	-1.6	-10.0

Holdings

	(%)
SPDR 1-3 MONTH T-Bill	100.60
AVGO US 09/20/24 P130	-0.01
LLY US 09/20/24 P690	-0.01
AAPL US 09/20/24 P175	-0.01
ZTS US 09/20/24 P165	-0.01
LMT US 11/15/24 P410	-0.01
ADBE US 09/20/24 P420	-0.01
MDLZ US 09/20/24 P62.5	-0.01
BLK US 11/15/24 P700	-0.01
AMZN US 09/20/24 P160	-0.02
KO US 11/15/24 P57.5	-0.03
GOOGL US 09/20/24 P155	-0.03
CRM US 11/15/24 P220	-0.03
META US 10/18/24 P430	-0.03
MSFT US 09/20/24 P400	-0.04
NVDA US 10/18/24 P100	-0.07
DIS US 11/15/24 P90	-0.27

Source: Bloomberg/PW

Commentary

The strategy was up by 1.1% in August, which compares to the 2.4% return from the S&P 500.

The T-bill position rose 0.47% in August, contributing almost half of the monthly return. Short put options on Meta, Google, NVIDIA expired worthless, during the month. New September and October expiring options were written as replacements. Short put options on Eli Lilly, Amazon, and Zoetis all were strong contributors with options falling by more than 80% due to strong underlying performance and time decay. All put options fell in value during the month.

The largest exposure is a November \$90 put on Disney, representing a potential 5.8% exposure, and a current value of 0.3% of net assets at month end. Disney's share price is \$87.94.

The strategy has a modest delta of less than 0.2 at month end, as apart from Disney the other put options are all well out of the money and relatively short duration.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: Cash + 4% per annum
Positions: 1 Long, 17 Short.

Minimum investment: \$10 million

Definition of Terms:

Delta: Estimate of how much an option's value may change given a 1% move up or down in the underlying security. Short put options have a positive delta, meaning lower equity prices are negative for existing positions.

Vega: The amount an option's price is expected to change for a 1% change in implied volatility. Short option positions have a negative Vega, meaning higher implied volatility is negative for existing positions.

Theta: Theta refers to the rate of decline in the value of an option over time. Short option positions have a positive theta, meaning as time passes the option value decreases.

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