

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 - 31 Dec 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 Plurimi AI Short	4.7	0.3	-2.1	7.8	-5.9	1.6	-4.5	-0.7	-0.8	6.7	-1.3	3.9	9.0
MSCI World	1.2	4.3	3.3	-3.7	4.5	2.1	1.8	2.7	1.9	-2.0	4.6	-2.6	18.7
2023 Plurimi AI Short	-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
2022 Plurimi AI Short	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
2021 Plurimi AI Short	-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
2020 Plurimi AI Short	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
2019 Plurimi AI Short											-0.3	-2.6	-2.9
MSCI World											2.8	3.0	5.9

Total return in USD terms. (1 Nov 2019 - 31 Dec 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	-16.4	8.1	8.3
Consumer Discretionary	-23.8	11.2	12.7
Consumer Staples	-6.7	6.1	0.7
Energy	0.0	3.7	-3.7
Financials	-3.2	16.0	-12.8
Health Care	-9.9	10.4	-0.5
Industrials	-19.9	10.6	9.3
Information Technology	-3.4	26.2	-22.8
Materials	-3.4	3.2	0.2
Real Estate	-6.5	2.1	4.4
Utilities	-6.8	2.5	4.3

Regional allocation

	AI Short	MSCI W	+/-
North America	32.6	75.6	-43.0
UK	3.2	3.4	-0.2
Switzerland	6.5	2.5	3.9
Rest of Europe	41.2	10.0	31.2
Japan	16.5	5.4	11.2
Asia & EM	0.0	3.1	-3.1

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 short MSCI World

Tracking error	14.2%
Beta	1.1
AI predicted alpha	1.8%

Performance indicators

	AI Short	MSCI World
Annualised return	-2.0	12.4
Annualised volatility	23.9	17.5
Sharpe ratio	-0.2	0.6
Best month	20.7	12.8
Worst month	-18.0	-13.2
Max drawdown	-54.4	-34.0

Holdings

	(%)
BOEING CO/THE	-3.8
BAYERISCHE MOTOREN WERKE AG	-3.7
KERING	-3.6
VOLKSWAGEN AG-PREF	-3.6
EDP RENOVAVEIS SA	-3.6
ESTEE LAUDER COMPANIES-CL A	-3.5
CELLNEX TELECOM SA	-3.5
BIONTECH SE-ADR	-3.4
VONOVIA SE	-3.4
BASF SE	-3.4
NIPPON TELEGRAPH & TELEPHONE	-3.4
INTEL CORP	-3.4
MITSUI & CO LTD	-3.4
SARTORIUS AG-VORZUG	-3.4
STELLANTIS NV	-3.4
WEST JAPAN RAILWAY CO	-3.4
SOFTBANK GROUP CORP	-3.3
RIVIAN AUTOMOTIVE INC-A	-3.3
HAPAG-LLOYD AG	-3.3
NESTLE SA-REG	-3.3
NIKE INC -CL B	-3.2
EXELON CORP	-3.2
VODAFONE GROUP PLC	-3.2
UBS GROUP AG-REG	-3.2
FEDEX CORP	-3.1
DIGITAL REALTY TRUST INC	-3.1
EISAI CO LTD	-3.1
STARBUCKS CORP	-3.0
VERIZON COMMUNICATIONS INC	-3.0
VESTAS WIND SYSTEMS A/S	-3.0

Source: Bloomberg/PW

Commentary

The strategy rose 3.9% in December, amid a fall of 2.6% from the MSCI World.

New additions: CELLNEX TELECOM SA, BIONTECH SE-ADR, VONOVIA SE.

Cellnex continues to lose money, it reported a net loss of €140 million for the first nine months of 2024. The negative cashflow has provoked a number of divestments, including its Austrian unit, which it plans to sell by the end of the year, and its Irish business, expected to be sold in the first quarter of 2025. **Biontech** revised its full-year revenue outlook downward, citing the seasonal nature of COVID-19 demand and inventory write-downs. Its reliance on COVID-19 vaccine revenues and the uncertain success of its pipeline products are reasons we are now short the stock. **Vonovia** is another loss making company. Vonovia reported a net loss of €529 million, an improvement from a €4.13 billion loss in the same period the previous year. The German real estate sector continues to face challenges, including rising interest rates and economic uncertainties, which have led to project delays and bankruptcies among developers.

Intel was the top contributor in December, falling 16.6%. Intel faced significant challenges, including a 60% decline in stock value, making it one of the worst-performing stocks in the S&P 500. The company reported a \$16.6 billion loss for the year, leading to the ousting of CEO Pat Gelsinger in December 2024.

Boeing was the largest detractor, rising by 13.9%. The stock has been a strong contributor during the year, but it bounced in December. The stock may continue to suffer from regulatory issues, following its poor safety record in recent years.

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Strategy managers:

Patrick Armstrong, CFA, Eugen Fostiak

Target return: +4% - MSCI World

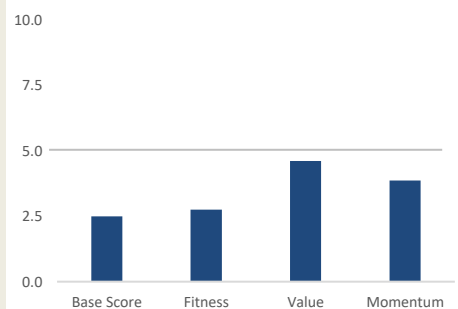
Holdings: 30

Characteristics

	AI Short Strategy	MSCI World
Dividend Yield	4.3	2.0
Price to Earnings Ratio (P/E)	33	23.7
Price to Cash Flow Ratio (P/CF)	8.5	17.6
Price to Book Ratio (P/B)	1.2	3.5
Total Debt to Common Equity	130	145
Current Ratio	1.2	1.2
Est ROE	-123	39.8
Operating Income Growth	40	2.9
Sales Growth	-0.6	4.1
Est P/E	16.6	18.9
Debt/EBITDA	6.2	3.2
Est EV/EBITDA	7.9	12.3
Profit Margin	2.6	9.4
ROC	3.5	6.9

Characteristics are shown for each stock in the strategy vs. the MSCI World. As the strategy shorts stocks, items such a dividend yield are a measure of what needs to be paid, rather than what is received as a yield.

Style characteristics (5 is neutral with Index)



Monthly Top contributors	Return
INTEL CORP	-16.6
EISAI CO LTD	-11.4
VESTAS WIND SYSTEMS A/S	-12.4
STARBUCKS CORP	-10.9
EDP RENOVAVEIS SA	-11.2

Bottom contributors	Return
BOEING CO/THE	13.9
BAYERISCHE MOTOREN WERKE AG	10.6
RIVIAN AUTOMOTIVE INC-A	8.7
VOLKSWAGEN AG-PREF	8.1
KERING	5.8