

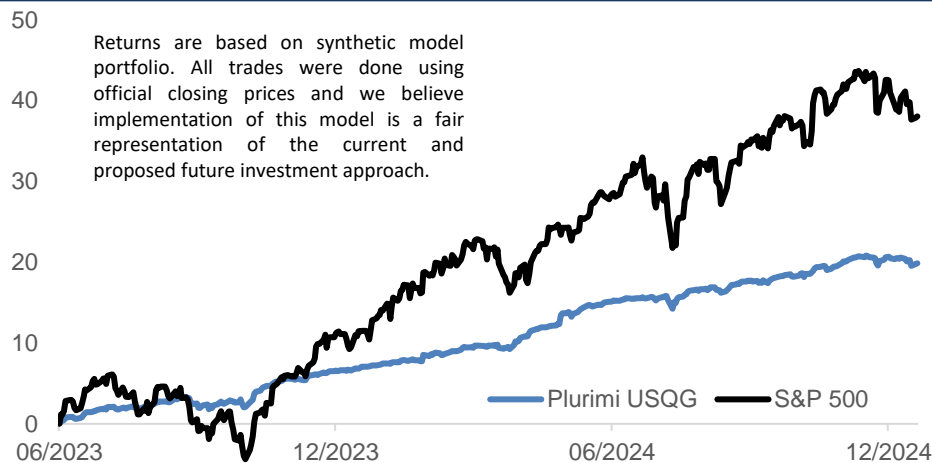
Objectives

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 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 – November 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	+0.7	+0.8	+1.6	+0.2	+13.0
S&P 500	+1.7	+4.8	+3.8	+5.0	+3.6	+1.2	+3.8	+2.4	+2.1	+1.1	+6.0	-2.4	+25.0
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 – November 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	0.4
LLY US 12/20/24 C750	0.2
AVGO US 01/17/25 P140	0.1
AMZN US 04/17/25 P185	0.1
ADBE US 01/17/25 C450	0.1

Bottom contributors	Contribution
MDLZ US 01/17/25 P65	-0.3
ZTS US 01/17/25 P165	-0.1
DIS US 08/15/25 P100	-0.1
LLY US 04/17/25 P700	-0.1
KO US 02/21/25 P60	-0.1

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 (%)	0.3
Theta	0.2
Vega	-0.4
Beta	0.2

Performance indicators

	USQG	SP 500
Annualised return	12.9	25.8
Annualised volatility	2.9	14.1
Sharpe ratio	2.7	1.6
Best month	2.6	9.1
Worst month	-0.1	-4.9
Max drawdown	-1.6	-10.0

Holdings

	(%)
T-Bill-3 MONTH ETF	95.45
ADOBE INC	6.50
CRM US 01/17/25 P260	0.00
DIS US 08/15/25 P90	0.00
AVGO US 01/17/25 P140	0.00
GOOGL US 01/17/25 P160	0.00
GOOGL US 01/17/25 P145	0.00
CRM US 01/17/25 P250	0.00
AMZN US 04/17/25 P195	0.00
MSFT US 01/17/25 P400	0.00
BLK US 01/17/25 P890	0.00
MSFT US 01/17/25 P390	-0.01
LMT US 03/21/25 P460	-0.03
LLY US 09/19/25 P730	-0.03
MDLZ US 01/17/25 P60	-0.04
LMT US 03/21/25 P440	-0.05
KO US 02/21/25 P60	-0.08
META US 03/21/25 P480	-0.10
ADBE US 01/17/25 C450	-0.10
AMZN US 04/17/25 P185	-0.11
AAPL US 06/20/25 P225	-0.16
ZTS US 01/17/25 P165	-0.17
LLY US 04/17/25 P700	-0.20
NVDA US 03/21/25 P110	-0.22
DIS US 08/15/25 P100	-0.24
MDLZ US 01/17/25 P65	-0.39

Source: Bloomberg/PW

Commentary

The strategy was up by 0.2% in December, which compares to the -2.4% return from the S&P 500.

The T-bill position rose 0.4% in November.

Eli Lilly stock was called away at \$750, the same price it was put on the strategy the previous month. The strategy benefitted from the premium received for the short put in November and the short call option premium in December.

Adobe fell 13% in December and the stock was put on the strategy at \$450 a share. We wrote January 2025 \$450 covered call options against the long position. At year end the price was \$445. Mondelez is the most likely stock to be put on the strategy in January. We are short \$65 puts and the stock closed the year at \$60. The MDLZ January put represents -0.4% of the strategy's net assets at year end. Higher cocoa prices, and weaker demand for unhealthy snacks has led to weaker profit margins for the company.

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.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

Target return: Cash + 4% per annum
Positions: 2 Long, 17 Short.

Minimum investment: \$10 million

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