

Plurimi US Quality Growth Derivative Strategy

April 2025

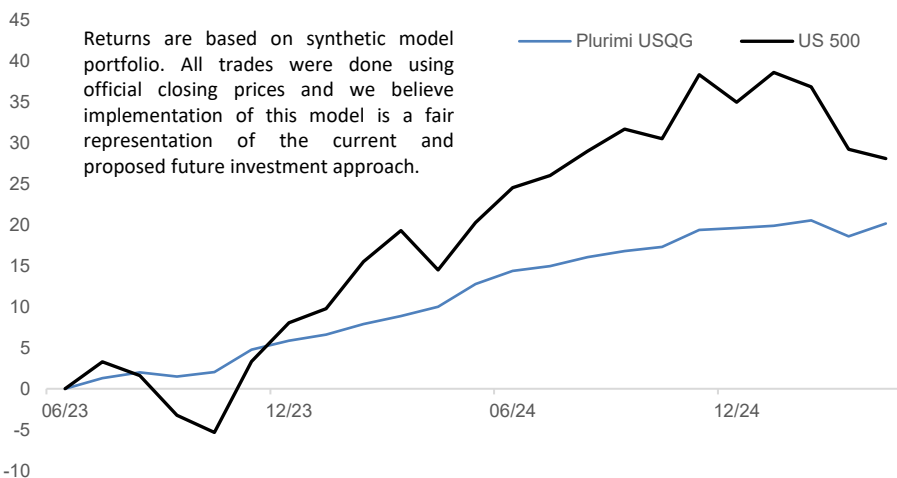
Objectives

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 vs US 500 : 0.2 (can rise towards 1 in equity selloffs)
- Beta vs US 500 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 30, 2023 – Apr 30, 2025). 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
2025 USQG	+0.4	+0.4	-1.6	1.3									+0.8
US 500	2.8	-1.3	-5.6	-0.7									-4.9
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
US 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							+1.3	+0.9	-0.1	+0.5	+2.6	+1.0	+4.7
US 500							+3.2	-1.5	-4.9	-2.1	+9.1	+4.5	+3.3

Total return in USD terms. (June 30, 2023 – Apr 30, 2025). 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	US 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
AVGO 5 P180	0.5
Walmart	0.5
Microsoft	0.5
Amazon	0.4
Cash	0.3

Bottom contributors	Contribution
AMZN 4 P185	-0.3
DIS 8 P100	-0.3
MSFT 5 C390	-0.2
PG 6 P170	-0.1
AAPL 6 P225	-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 US 500 (ex-ante)

Delta (%)	0.4
Theta	0.6
Vega	-0.4
Beta	0.5

Performance indicators

	USQG	US 500
Annualised return	11.1	14.6
Annualised volatility	3.7	12.9
Sharpe ratio	1.9	1.0
Best month	2.6	9.1
Worst month	-1.6	-5.6
Max drawdown	-1.6	-7.5

Holdings

	(%)
US TBILL	81.2
MICROSOFT	6.3
AMAZON	6.0
ADOBE	5.6
WALMART	4.7
ADBE 5 C400	-0.0
ADBE 6 C395	-0.0
AAPL 6 P215	-0.0
AMZN 5 C200	-0.1
WMT 5 C100	-0.1
AVGO 5 P180	-0.1
ZTS 6 P155	-0.2
NVDA 5 P105	-0.2
ZTS 5 P155	-0.2
JPM 7 P230	-0.2
BLK 7 P900	-0.2
MSFT 5 C390	-0.2
CRM 8 P240	-0.2
GOOGL 5 P16	-0.3
PG 6 P170	-0.3
META 9 P480	-0.4
AAPL 6 P225	-0.4
DIS 8 P100	-0.7

Source: Bloomberg/PLW

Commentary

The strategy was up by 1.3% in April, which compares to the -0.7% return from the US 500 index. Intra month the stock market and the strategy had significant drawdowns and subsequent month end recoveries.

The cash position was over 80% of the strategy at the month end and contributed 0.3% to the April return.

The strategy delivered a strong return as implied volatility fell during the month and stocks that were “put” on the strategy rebounded towards month end. Amazon and Microsoft April put options expired in the money, and both stocks were put on the strategy and had strong finishes to April. We wrote May covered call options on both stocks during the month.

Short August put options on Disney were a significant detractor during the month. Poor results from the release of Snow White and falling US tourism impacted the stock. The stock ended the month at \$91.33, and the strike of the August put is \$100. This position is now trading almost like a long equity position as the delta has risen to 0.8.

The strategy has a significant theta of 0.6% per month. Volatility has fallen during the month but remains elevated, and significant number of options are trading close to their strikes.

Strategy managers:

Patrick Armstrong, CFA
Eugen Fostiak

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

Minimum investment: \$10 million in segregated account

Also available in

BNP issued Actively Managed Certificates

ISIN:

USD: XS2883780459

GBP: XS2883742798

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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