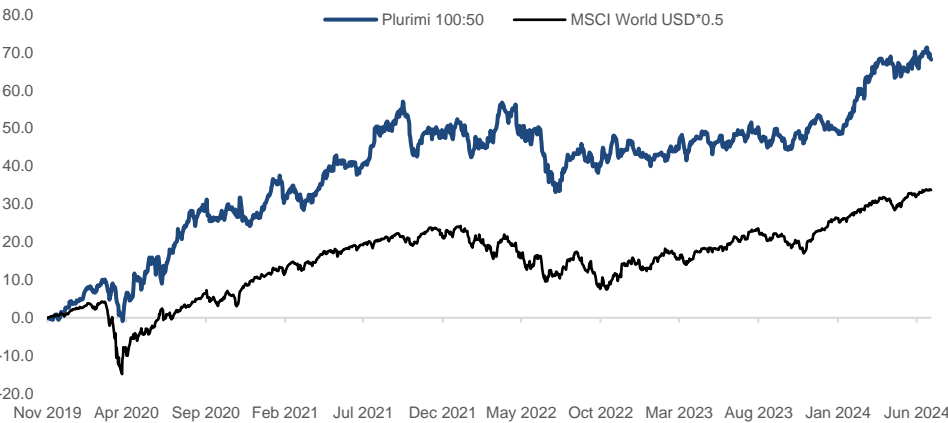## Objectives

The objective of the Plurimi AI Long/Short Equity Strategy is to achieve capital appreciation through a combination of owning a portfolio of global stocks with attractive valuation, growth and quality factors and shorting stocks with poor quality, momentum and value characteristics. The strategy combines a 100% allocation to the Plurimi Global Equity strategy and 50% allocation to the Plurimi AI short strategy. Stock selection is driven by artificial intelligence with machine learning techniques.

Risk and return targets

- Typical Beta range 0.3 to 0.6
- Return target: 50% of MSCI World return + 5% per annum

Total return (%)

Key points

Bottom-up stock selection driven by Artificial Intelligence (AI) and machine learning. Evaluating more than 5000 global companies.

Objective stock selection process removes human emotion and behavioural biases.

Top-down region and style allocations.

Portfolio characteristics skewed towards value, quality, and momentum stocks.

Key risks

Capital is at risk. Equity markets are volatile and the positions in the strategy may rise leading to capital losses for this strategy. 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.

Risk (ex-ante), against MSCI World for relative

	100:50	MSCI W
Value at Risk (monthly 97.5%)	5.8%	8.5%
Beta	0.5	1.0
Volatility	10.3%	14.9%
AI predicted alpha	4.4%	0.0%

Monthly performance (%)

Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024 Plurimi AI Long Short	**3.4**	**5.2**	**3.0**	**-1.3**	**1.0**	**0.8**							**12.6**
MSCI W*0.5	0.6	2.1	1.6	-1.8	2.3	1.0							5.9
2023 Plurimi AI Long Short	**0.7**	**1.1**	**1.6**	**-0.7**	**-1.0**	**3.4**	**0.6**	**-1.3**	**-2.6**	**1.9**	**3.3**	**-1.9**	**5.2**
MSCI W*0.5	3.5	-1.2	1.5	0.9	-0.5	3.0	1.7	-1.2	-2.1	-1.4	4.7	2.5	11.9
2022 Plurimi AI Long Short	**-4.4**	**1.2**	**5.5**	**-3.7**	**0.0**	**-8.4**	**4.8**	**-0.5**	**-1.6**	**5.0**	**-1.0**	**-2.5**	**-6.3**
MSCI W*0.5	-2.6	-1.2	1.4	-4.1	0.1	-4.3	4.0	-2.1	-4.6	3.6	3.5	-2.1	-8.8
2021 Plurimi AI Long Short	**-1.5**	**0.5**	**1.0**	**4.8**	**0.9**	**0.4**	**5.9**	**1.7**	**-3.0**	**1.6**	**-0.9**	**2.6**	**14.6**
MSCI W*0.5	-0.5	1.3	1.7	2.3	0.7	0.8	0.9	1.3	-2.1	2.8	-1.1	2.2	10.8
2020 Plurimi AI Long Short	**2.0**	**-1.8**	**0.6**	**2.3**	**7.5**	**2.0**	**8.0**	**0.6**	**-1.1**	**-0.3**	**-0.3**	**4.8**	**26.6**
MSCI W*0.5	-0.3	-4.2	-6.6	5.5	2.4	1.3	2.4	3.4	-1.7	-1.5	6.4	2.1	8.8
2019 Plurimi AI Long Short											**2.2**	**3.4**	**5.6**
MSCI W*0.5											1.4	1.5	2.9

Total return in USD terms. (1 Nov 2019 – 28 Jun 2024)
Net of annual 1.7% management and custody fees.

Source: Bloomberg/PW

Performance indicators (%)

	AI 100:50	MSCI World
Annualised return	11.8	12.3
Annualised vol.	10.3	18.2
Sharpe ratio	1.0	0.6
Best month	8.0	12.8
Worst month	-8.4	-13.2
Max drawdown	-15.2	-34.0

Yield & earnings characteristics

	AI Long	AI Short	Net
Dividend Yield	2.0	5.9	3.5
Est P/E	13.0	17.0	15.2
Price to Cash Flow Ratio (P/CF)	10.3	7.9	

Sector exposure and valuations

	AI Short *0.5	AI Long	Total
Communication Serv.	-6.9	9.9	3.1
Consumer Discretionary	-6.3	13.0	6.7
Consumer Staples	-3.2	6.0	2.8
Energy	-1.7	7.8	6.2
Financials	-5.1	18.4	13.3
Health Care	-10.0	14.2	4.2
Industrials	-3.5	5.6	2.1
Information Technology	-5.3	22.1	16.8
Materials	-1.7	3.0	1.3
Real Estate	-3.2	0.0	-3.2
Utilities	-3.3	0.0	-3.3

	AI Long Short	MSCI W *0.5	Relative
North America	31.2	35.6	-4.4
UK	2.7	2.0	0.8
Switzerland	-3.3	1.6	-4.8
Rest of Europe	18.5	5.9	12.6
Japan	0.1	3.1	-2.9
Asia & EM	0.7	1.9	-1.2

Top 10 positions

Longs	Shorts
NOVO NORDISK A/S-B	CHARTER COMMUNICATIONS INC-A
ALPHABET INC-CL C	ZSCALER INC
APPLIED MATERIALS INC	BOEING CO/THE
NVIDIA CORP	DIGITAL REALTY TRUST INC
RECRUIT HOLDINGS CO LTD	INTEL CORP
META PLATFORMS INC-CLASS A	US BANCORP
EOG RESOURCES INC	AT&T INC
ADOBE INC	VOLKSWAGEN AG-PREF
HARTFORD FINANCIAL SVCS GRP	BASF SE
KANSAI ELECTRIC POWER CO INC	VODAFONE GROUP PLC

Source: Bloomberg/PW

Commentary

The strategy rose by 0.8% in net terms for the month compared to the MSCI World index return of 2.1%. Since inception, the strategy has delivered an annualised return of 11.8%, against 12.3% for the MSCI World.

Longs:

The strategy rose 0.6% in June.

Despite the strong monthly performance from the index, breadth was very narrow. Technology shares rallied by 8.8% in June, while the aggregate return of all the other sectors was negative. Regionally, the US market rose by 3.5%, while Europe, UK and Japan all delivered negative returns. The equally weight SP500 was also negative in June. The strategy's underweight in technology and 18% underweight in the US were both significant detractors during June .

During the month we removed **Stellantis, Capgemini.**

New additions:

Associated British Foods offers groceries, clothing, and household products and runs the popular Primark clothing retail chain. Primark, which represents 50% of ABF profits, has an aggressive plan for store openings in the US which should drive profit growth for the company. Consensus estimates for earnings growth are 20% in 2024, and the stock trades at less than 13x forecast earnings. **Renesas Electronics** researches, develops, designs and manufactures electronic components such as semiconductors and integrated devices. Renesas is well positioned to grow its sales due to its advanced chips for electric cars and data centres. Chip demand from data centres should rise in the coming years, which we expect will lead to higher gross margin for the company. The stock trades at 18.8x consensus earnings estimates.

Big cap tech were the major positive contributors in June. **Adobe** rose 25%. Adobe looks to be on track to grow sales at 11-14% over the next three years. It has a profit margin of more than 40% and the company should be a key beneficiary of increased spending on digital commerce, marketing and content creation. Generative-AI product Firefly could help drive revenue per user growth. **NVIDIA** rose 13% in June, briefly becoming the largest company in the world by market cap. We trimmed the position during this period, as the stock is rising due to multiple expansion as well as higher earnings estimates. **Meta, Amazon, Alphabet, and Applied Materials** all rose by more than 5% during the month.

GSK was the largest detractor, falling 14%. GSK suffered from two significant issues in June. At the beginning of the month Delaware State Court ruled that expert witnesses can present scientific evidence in the roughly 75,000 cases relating to the discontinued heartburn drug Zantac. The drug was manufactured and sold by several companies from the 1980s until 2020, when it was recalled over concerns it contained a probable carcinogen called NDMA. GSK deny there is a scientific consensus that the drug increases the risk of any cancer and said they would appeal the decision. Towards the end of the month US health officials recommended restricting vaccination with its RSV shot to people who are older and more at risk. The move could reduce the market for the UK drugmaker's blockbuster vaccine. We are sticking with the position as the market has overly discounted the risks in our opinion.

Short:

The strategy rose 1.6% in June.

Removals: **Alnylam Pharmaceuticals**

New Addition: **MicroStrategy** has made large purchases of Bitcoin and has issued debt to make these purchases. With the advent of Bitcoin etf's we expect to see less demand for Microstrategy shares as an exchange traded play on the crypto currency. The company is not expected to make any profits in 2024.

Neste fell 15% and was the strongest contributor. Planned refinery shut-downs and headwinds for renewable-diesel demand have negatively impacted the shares. **China Vanke** fell 13%. The stock had a sharp rally in May, but June has seen it fall back towards new lows. High debt and weak property back drop are a dangerous combination for the company. **Carrefour** fell 13%. Rising input prices are not being passed on to the consumer, so profit margin is at risk. **Volkswagen** fell 10%. The company made a $5 billion deal with Rivian to jointly develop battery-powered vehicles and software after VW has struggled to keep up on technology.

Rivian rose 23%, on the back of the VW deal. The company is not profitable, and the competitive EV market it participates in makes the prospect prospects for profit unlikely in the coming years.

Alnylam Pharmaceuticals rose 62%, and we closed the position after the jump. The company announced its drug vutrisiran helped reduce the number of deaths and cardiovascular events in a study of patients with a rare heart disease. This news improves the company`s path to profitability.