2022 Perspective

PLURIMI

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7 December 2021

The first eleven months of 2021 have seen strong performance in equities and commodities but negative performance from corporate and government bonds.

We expect the global economy should continue growing above its long term potential throughout 2022. The largest risks to this view are falling confidence based on mutations in the virus and inflationary pressures.

The world economy is coping better with the pandemic but supply bottlenecks and labour shortages are checking the momentum of the recovery.

We expect any lock downs will likely be localised rather than broad scaled and policy will remain supportive throughout 2022.

Inflation has moved sharply higher on simultaneous demand and supply shocks combined with very stimulative monetary policy. The word “transitory” has now been retired. While we expect inflation will remain sticky and decline from elevated levels, risks are to the upside.

Government deficits and outstanding debt have reached eye watering levels. Governments will eventually come under pressure to reduce deficits when markets question sustainability and bond yields will rise meaningfully. There will be some increases in tax in 2022 but fiscal austerity will not be palatable approach for politicians.

Three pillars continue to support equities as we enter 2022; Negative real yields, liquidity, and earnings growth. While these pillars remain in place we expect higher stock market prices.

Central bank policy will continue to punish cash which stays on the side-lines. Seemingly diverse assets such a gold, credit, equities, property all are driven by the same forces. While negative real yields provide the impetus for higher prices, anything which changes this dynamic is a major risk for all asset prices.

Ending of QE removes an important stabilizer, more volatility is likely.

Low inventories, growing demand and lack of investment in exploration create possibility for spikes in a wide range of commodities in 2022.

2021 Review

Asset prices moved higher with real economic growth, and continued monetary and fiscal stimulus. Energy stocks had the largest rally from a low base.

Asset Allocation p. 10

The highest growth , highest multiple stocks are at most risk if real yields fall or liquidity dissipates. We prefer cyclical risk to multiple risk in 2022. Fixed income will likely deliver negative nominal and real returns next year as central bank buying slows and economic growth continues.

Global Economy p.3

We expect a strong start to the year if the virus does not create the need for significant lockdowns. Consumer spending from income growth and a savings surplus will be key to growth.

Debt p.6

G7 at record debt to GDP levels but consequences are not likely relevant in 2022.

Central Banks p.9

Despite a gradual withdrawal, monetary policy will remain accommodative. Fed will end bond purchases and hike while the ECB will keep policy unchanged.

Equities p.12

Equities are expensive on most measures but compared to bonds they offer much better return potential. We prefer cyclical value and cash producing growth in 2022.

Fixed Income p.14

Investment grade credit has the support of central banks, and still offers moderately attractive spread. Bank debt offers best return for risk .

Commodities p.15

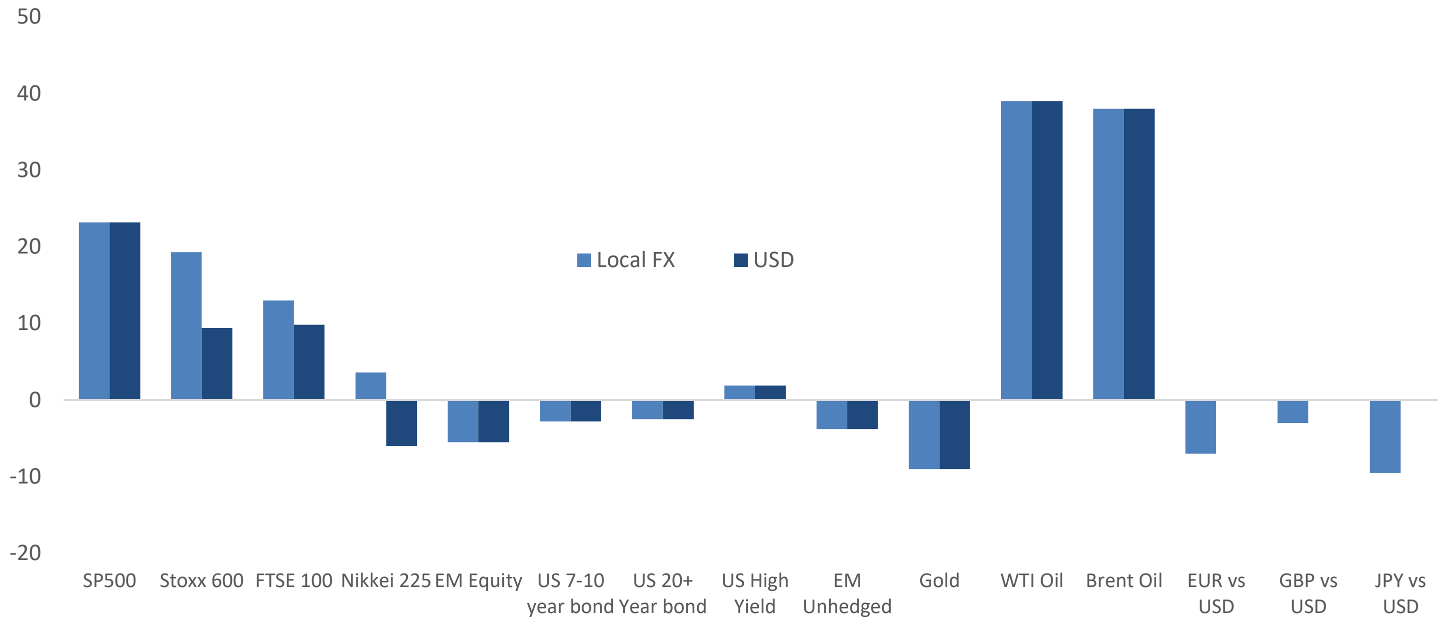
Most commodities have seen inventories drawn down. New supply is slowing, while demand should jump as the economy re-opens. Broad based exposure makes sense with a positive economic backdrop.

Currency p.15

Divergent central bank policy will be key to FX movements. Favour USD and commodity exporting countries to the euro, yen and Swiss Franc.

2021

Year to date performance by asset class (% USD) to 30/11/2021



Source: Bloomberg, Plurimi Wealth LLP

2021 was a year where vaccines paved a path to re-opening of the global economy. Consumer spending picked up throughout the year and monetary and fiscal policy remained very accommodative. The combination of massive monetary stimulus and improving growth led to very strong returns for almost all risk assets and losses for safe havens.

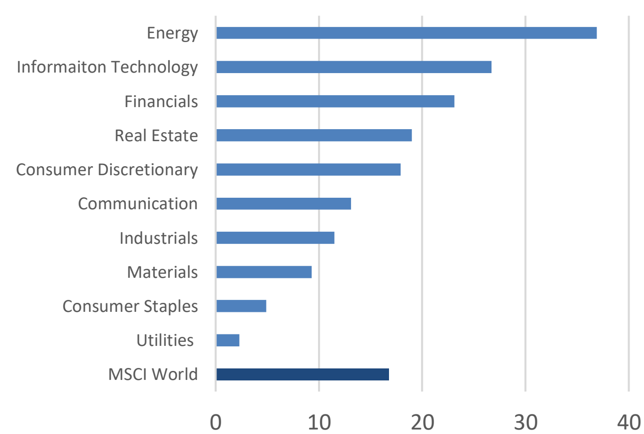
Commodities, and US equities were the leaders of 2021, while fixed income, Asian equities and gold lagged.

The equity market rebound continued its unprecedented recovery from a short lived bear market in 2020. Asset prices moved higher with the improving real economy throughout the year, and performance was largely driven by growth rather than multiple expansion. Economically sensitive commodities rallied dramatically while precious metals lagged. Energy stocks led the rally with a 39% increase, followed by Technology. The defensive sectors lagged with Utilities and Staples being the weakest performers. All regions performed well in local currency terms but significantly lagged the US in USD terms. Emerging markets lagged developed markets, based largely on increasing regulation in China, a strong us dollar, and a larger impact form the virus.

Treasury yields moved higher during the year but remain significantly below inflation. Inflationary pressures built as the year progressed, based on increasing demand and curtailed supply based on low investment and many virus induced bottlenecks in supply chains.

As we exit 2021 a new variant of the covid virus and the beginning of a hawkish tilt from the US Fed are moderating what has been a strong year overall.

2021 MSCI World sector performance (USD %)



31/12/2020- 30/11/2021

Source: Bloomberg, PW

Global economic dashboard

Indicator	Derivative 1st	Derivative 2nd	Interpretation & outlook	
Growth				*Growth indicators remain positive but higher prices are impacting consumer and business confidence.*
Global leading economic indicator	+	0	Continued positive but not accelerating	
ZEW/IFO	+	-	Positive but down from summer.	
US ISM manufacturing new orders	+	0	Consistently strong all year but rolling over.	
Consumer confidence	-	-	Weak and falling on higher costs of goods.	
Business confidence	0	-	Neutral readings but weakening, wage and input costs.	
Global PMI	+	0	Global PMI has stayed strong over past three quarters.	
G7 employment	0	+	Unemployment still elevated but showing improvement.	
Global trade volume	0	+	Global trade has been curtailed by bottlenecks but improving.	
Oil prices	+	-	Oil prices have rallied throughout year but have rolled over on variant concerns.	
Policy				*Central banks slowly removing stimulus*
Real policy rate	+	-	Global policy continues to be extremely loose but has begun to tighten.	
Nominal GDP-bond yield gap	+	+	Nominal growth has risen sharply while bond yields remain anchored.	
G7 credit growth	+	0	Credit growth is slowing but remains a positive for growth.	
Financial stress	+	0	Credit spreads show no signs of distress outside of China.	
Fiscal thrust	+	0	European recovery fund and a bi-partisan infrastructure deal in the US show spending will continue to be a positive. Small increases in taxes may emerge in 2022.	
Inflation				*Inflation to persist above CB targets*
Core CPI	+	+	Demand boost from reopening met with supply shock and rising commodity prices	
Wage growth	+	0	Wage growth is high in nominal terms but has been lagging inflation.	

Source: Bloomberg, Plurimi Wealth LLP

Global Economy

We expect strong economic growth throughout 2022

Our global economic dashboard shows an economy which should continue growing above potential. The largest risks are falling confidence based on mutations in the virus and inflationary pressures which cloud the outlook. The fastest pace of the economic recovery is now behind us, but high vaccination levels and improving treatments for the Covid virus should fuel improving confidence and reduce the risk of a significant contraction.

We expect the global economy to grow faster than its long term potential in 2022 with developed markets growing more than 4% and emerging markets growing at 5%

The pendulum is swinging back to consumption and away from savings. This is a key driver of potential growth. Opening economies without tight virus related restrictions and growing confidence from consumers will underpin spending. Over the past decade households have amassed large amounts of excess savings – worth around 10% of GDP or more in many economies and now have relative strong balance sheets. This should allow for outsized consumption growth and also lessens the likelihood of household deleveraging.

Policy is still supportive of growth. We continue to be optimistic on the impact of fiscal policy on growth. In the Euro area spending on the EU Recovery Fund will continue to boost growth. In the US the passage of the bipartisan infrastructure bill on November 5 is also encouraging for growth. On the monetary policy side, central banks are starting to slowly and carefully withdraw their unprecedented stimulus, but it will almost certainly remain accommodative throughout 2022.

Inflation has been growing faster than wage growth which has impacted confidence. We expect inflation rates to slow but stay higher than CB targets, and expect wage growth will match inflation by year end 2022.

Global Economy

Global PMI has fallen from its summer peak but remains at expansionary levels. We expect current levels to be maintained at the beginning of 2022. The first two quarters of the year should see rapid growth from the major economies but the economy will likely lose steam as the year progresses. The developed world should see consumption and fiscal spending drive growth. Latin America and Russia should benefit from high commodity prices, and India should see the fastest growth based on a catch up. China will likely lag its historic growth pace as its tightening regulatory environment and headwinds from over leveraged property companies hurts growth.

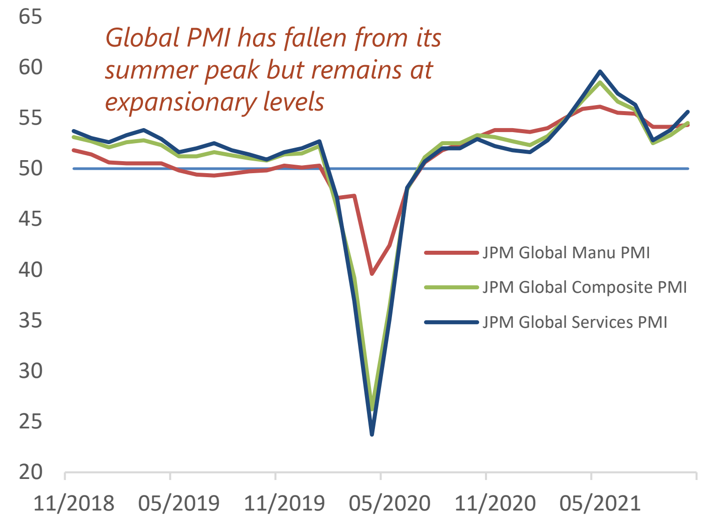
While we are optimistic, any economic forecast will be at risk due to variants in the virus and political decisions around those risks. Though the virus remains a real danger to growth, we expect further medical improvements will contain it. Increasing global access to vaccines, and the potential for MRNA technology to adapt quickly reduce some of the most negative tail risks. Also antiviral drugs from Pfizer and Merck should reduce death rates. Medical advances support services growth and the recovery in sectors such as travel and entertainment. The consumer services recovery still has a long way to go, with third-quarter real spending still about 5% below the pre-pandemic trend.

Supply chain constraints and Covid variants have supressed the recovery but as long as these constraints do not disrupt a healing labour market economic growth will continue. We still see room for strong gains in labour force participation due to tight labour markets over the next several years.

The labour market has been somewhat puzzling. There are many job openings but still elevated levels of unemployment. Several temporary factors are probably weighing on the return to work. This includes childcare, coronavirus risk, and accumulated savings from unemployment and stimulus but each of these factors should diminish in impact over the next year and beyond.

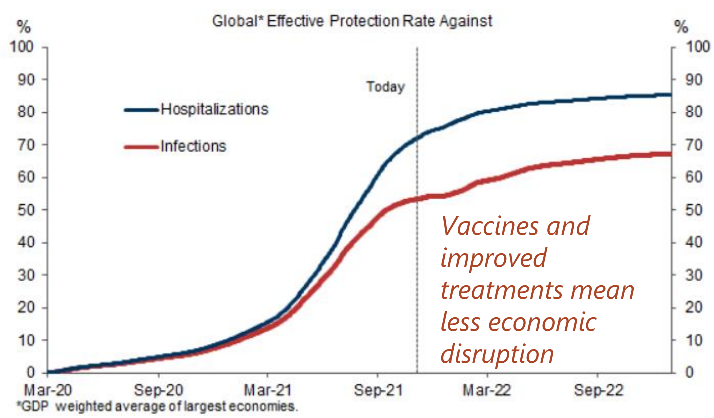
As we exit 2021 the economy has closed the output gap induced by the virus. Ongoing stimulus and catchup spending will likely turn the output gap positive in 2022, which should keep inflation above central bank targets.

Global PMI



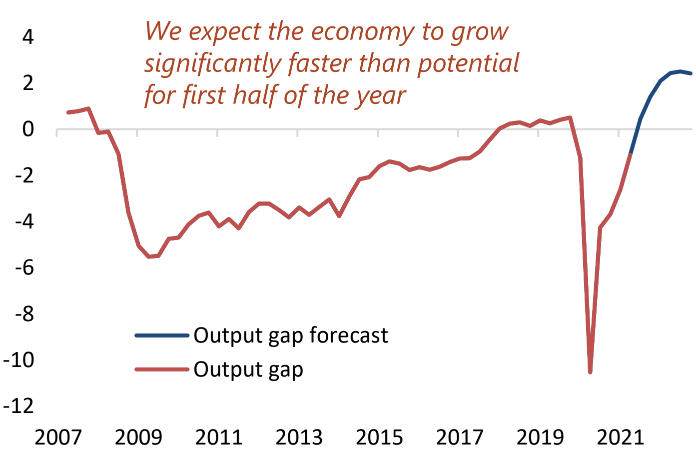
Source: Plurimi Wealth, Bloomberg

Further Medical Improvements



Source: Goldman Sachs Global Investment Research

Output Gap (%)



Source: IMF, Plurimi Wealth

Consensus growth for the developed market in 2022 is running at just over 4%. We think that is a reasonable forecast and the economy has been performing in line with economist expectations in recent months. This can be seen through the Citi Economic surprise index. This measures reported economic indicators vs expectations. Since the recovery began during June 2020 economists had underestimated growth leading to a massive jump in the surprise index. Throughout 2021 economists have increased expectations but growth has started to wane leading to surprise index levels near zero on all major regions.

Citi Economic Surprise Index

Source: Bloomberg, Citi, Plurimi Wealth LLP

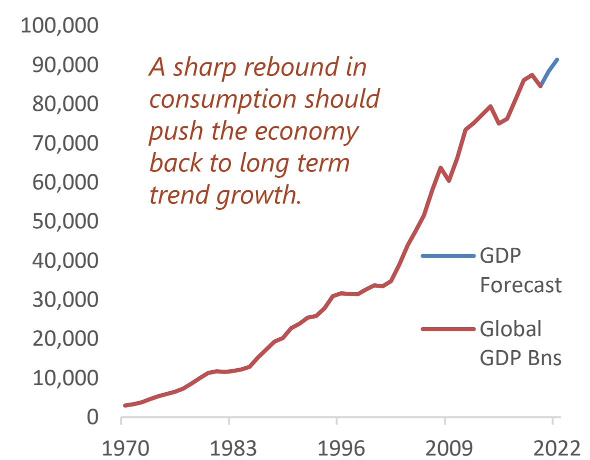
Consensus Global GDP Growth

	2020	2021e	2022e	2023e
World	-3.2	6.0	4.5	3.4
US	-3.6	5.7	4.0	2.4
Euro	-6.5	5.2	4.3	2.1
UK	-9.7	7.0	5.0	2.0
China	2.3	8.1	5.5	5.4
India	-7.0	8.0	7.8	6.5

Source: Bloomberg, OECD, Plurimi Wealth

We expect China to grow faster than the developed world but regulation and property sector growth will hinder upside.

Global GDP (USD $ Billions)



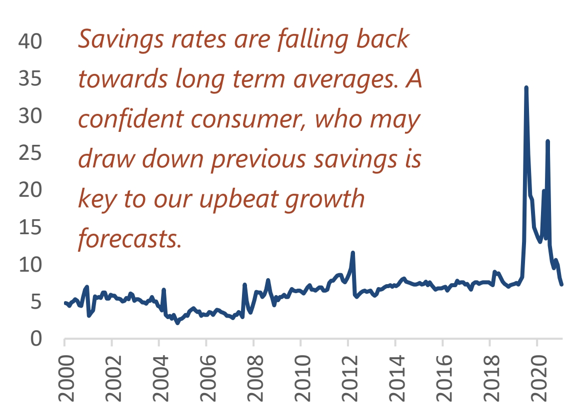
Source: Bloomberg, IMF, Plurimi Wealth

The bottleneck which plagued 2021 seem to be easing. Freight rates have come off, suggesting delivery times will be shorter and more predictable. Inventories of semiconductors and other electronic equipment have almost normalized. Supply matching demand is an important part of our growth forecast.

Improvements in employment, and confidence that excess savings will not be required for future economic setbacks will be required to push consumer spending higher. The US savings rate was 32% in April 2020 and has fallen to a still above normal 8%. Savings can be viewed as healthy but it is also a sign of low confidence. As savings rates are falling back towards long term averages, a confident consumer, who may draw down previous savings is key to our upbeat growth forecasts. If savings do not unleash pent-up demand for goods and services, it will stifle the biggest engine of the US economy.

While we are optimistic on the continued rebound lasting there are many plausible scenarios which could also lead to an undershoot. While we expect global growth to be above 4% next year, risks are skewed towards misses based on variants in the virus, geopolitical issues, and supply bottlenecks that do not ease as we expect.

US Savings Rates (% of disposable income)



Source: Bloomberg, IMF, Plurimi Wealth

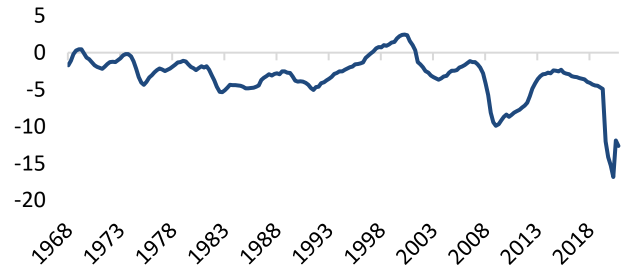
Sovereign Debt and Deficits

While the economic impact from the pandemic has been clear, and the recovery has been sharp the long term legacy of the virus is rising government debt. Our view is that the staggering levels of debt can be disregarded in the near term but they will have longer term consequences. Any announcement of new stimulus saw markets rally during the past two years. At some point the debt will matter to markets and the economy, but it may not be in 2022. We are not questioning if the debt is needed. The benefit of running large deficits is likely to far outweigh any eventual costs. The massive deficits seem necessary and are a much better alternative to a wave of personal and corporate bankruptcies, and a possible economic depression. However, the route governments take to deal with their growing debt is probably the most important question for investors in the long term.

Will debt be repaid through future austerity and taxes, with government surpluses? Will there be sovereign defaults? Will debt be monetised, or will perpetual negative real rates be the answer to manage and reward high debt levels. The path to deal with debt will determine if it will be deflationary or inflationary in the long term.

The path back to debt sustainability that was achieved in the 30 years following WWII may not be achievable this time. The post war euphoria and infrastructure build led to nominal GDP growing by 8.8% per annum (2.3% real and 6.5% inflation) in the decade after the war. The growth rate of nominal GDP was much higher than the 5% per cent average effective interest rate paid by the government on public debt. Generating nominal economic growth is the key to reducing debt to GDP ratios. Real growth given demographics has been difficult. The pandemic has not created the need to rebuild infrastructure like the war did. The inflation component of nominal growth, while supressing interest rates is the likely the path of least resistance. Populism has proved to be a winning political strategy, and helicopter money is the most populist policy there is. While interest rates are anchored near zero the sustainability of debt will likely be ignored by markets but should yields start to rise the debt may become the driver of markets and growth.

US Deficit % GDP



Source: Bloomberg, Plurimi Wealth

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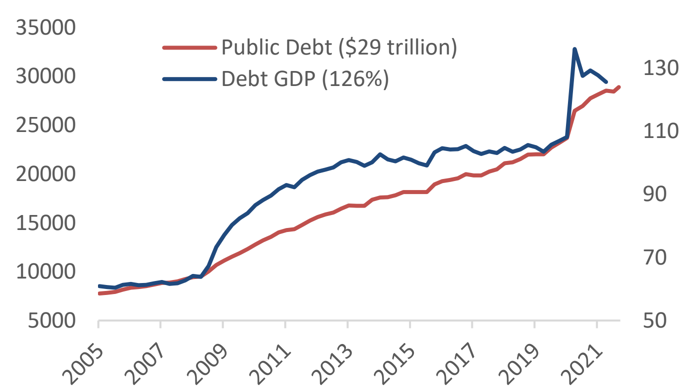
US Public Debt ($bn) and Debt to GDP (%)



Source: Bloomberg, Plurimi Wealth

Source: Bloomberg

Omicron

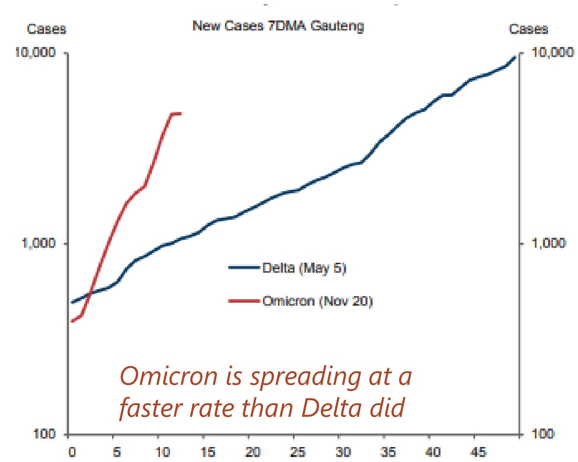
At the end of November, a new virus variant named Omicron was identified in Southern Africa and has already spread to many countries around the world. Three factors will determine how much of an impact this variant will have;

a) transmissibility
b) vaccine protection from current and new vaccines
c) severity of disease

Our somewhat optimistic forecasts for growth are based on the expectation that the pandemic has less of an impact on growth in 2022 but variants in the virus put that view at risk. Our view based on expert opinion so far is that Omicron looks likely to be more transmissible and resistant to vaccines. The variant has spread at an accelerated rate throughout Gauteng vs. the Delta wave. While current vaccines may not have high efficacy against Omicron, one of the advantages of the modified mRNA technology that is used to build many Covid-19 vaccines is the ability to alter the vaccines quite quickly to counter mutations. Should the mutation prove to have similar severity to previous variants it seems that new vaccines could be available at some point during Q1 2022. On the final determinant, the severity does not seem materially different from previous instances of the virus. Hospitalizations are not rising disproportionately.

While markets always worry about unknowns there is no evidence to suggest that the new variant will impose a bigger burden on healthcare systems. However, like markets authorities will also be wary and will act with caution. The emergence of Omicron does introduce fresh uncertainty into the outlook, and it will be some time before we know what the impact is. In our base case we assume that it will not be significantly different from earlier strains and thus should be kept in check with vaccines.

New Cases 7DMA Gauteng



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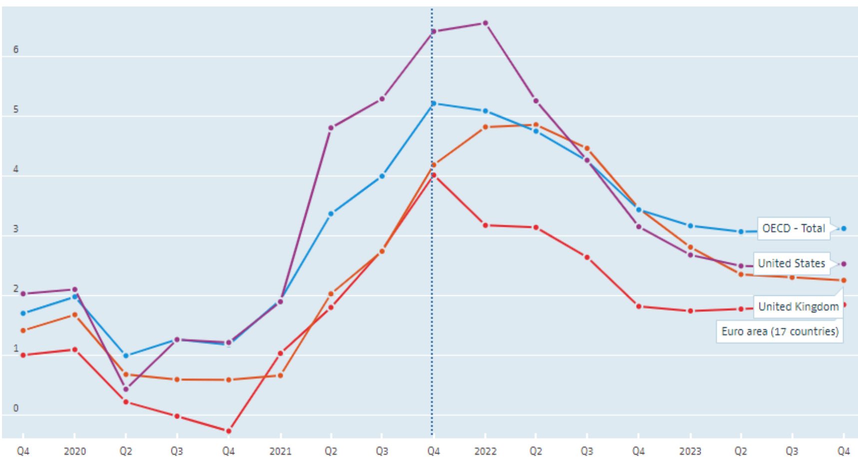
Source: Bloomberg

Inflation

In 2021 inflation rose more than any year since 2008. The OECD expect price gains will continue to move higher in early 2022 but begin to cool as demand stabilizes, supply bottlenecks fade and people return to the labour force. By the end of 2023 inflation will still be above central bank targets but down from current levels. While our view for inflation is similar, we expect risks are tremendously skewed to the upside. Demand growth will likely slow, but lack of investment in a range of infrastructure and commodity exploration and development mean that supply may remain tight.

Our base case sees inflation peaking in Q1 but slowing to levels which remain above central bank targets.

OECD Inflation forecasts

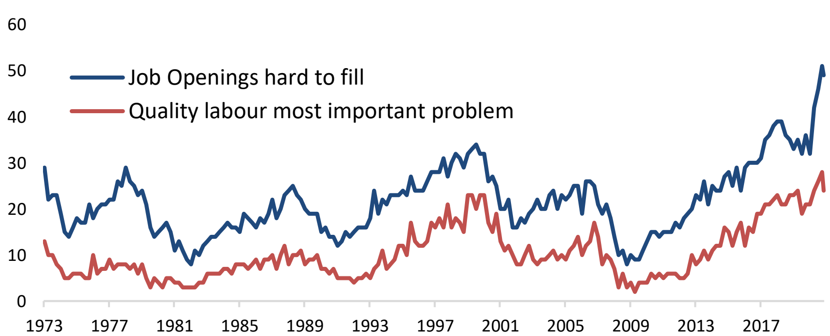


Source: OECD Economic Database

Risks to the benign inflation outlook are to the upside. Low inventories , massive liquidity, higher wages, and geopolitical events are all potential triggers.

Inventories of commodities are low, which means the potential for spikes rather than gradual increases is elevated. Geo-political events and shocks to supply are more likely inflationary, rather than disinflationary. Shortages may persist for longer than the expected quick end to bottlenecks disrupting many industries. Long term inflationary trends such as nationalism, protectionism, clean energy and environmental concerns offset disinflationary forces from innovation.

NFIB Survey



Source: Bloomberg, Plurimi Wealth

Wages may end up being a decisive swing factor for inflation in 2022. Business surveys suggest the path is for higher wages.

Wages may end up being a decisive swing factor for inflation in 2022 as they impact spending power and cost structure. As the year ended US companies biggest concern is the ability to attract qualified labour, and the percentage of companies which say job openings are hard to fill are near multi-decade highs.

Source: Bloomberg

Central Banks

Unprecedented stimulus will be gradually withdrawn.

Central banks decisive actions were crucial to the economic recovery during the pandemic and are now also key to record asset prices. They unleashed a dizzying number of unconventional steps to cushion the economy from the impact of the coronavirus. Zero rates, corporate bond buying, and a promise to do whatever is necessary to ensure "smooth" functioning of markets has soothed markets and provoked risk taking among investors. Extremely accommodative policies remain in place as we enter 2022, but there are now indications that they are beginning to be removed.

The Fed Chairman Powell's rhetoric has shifted markedly in recent months. Over the past 18 months Powell has gone from changing the mandate of the Fed, to hoping for inflation, then claiming it is transitory inflation and then changing the meaning of transitory to non-permanent.

August 2020: The Fed will be "average inflation targeting. Will allow inflation to run higher than the 2% target before hiking interest rates."

November 2020: "The risk over overdoing it is less than the risk of underdoing it"

January 2021: "We'd welcome higher inflation"

February 2021: "Fed will not tighten' policy until low-income workers recover"

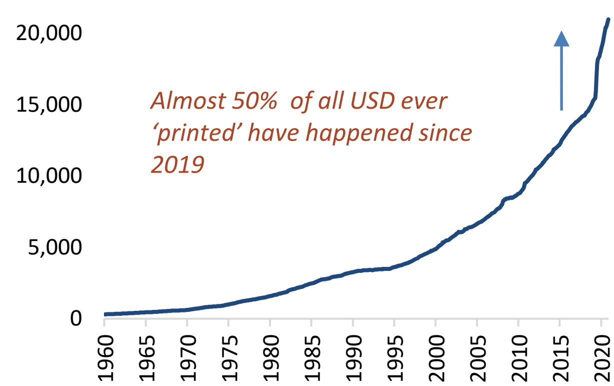
April 2021: "An episode of one-time price increases as the economy reopens is not likely to lead to persistent year-over-year inflation into the future"

May 2021: "Inflationary pressures will be transitory"

November 2021: "Some people define transitory to mean short-lived. To us it means it won't be permanent"

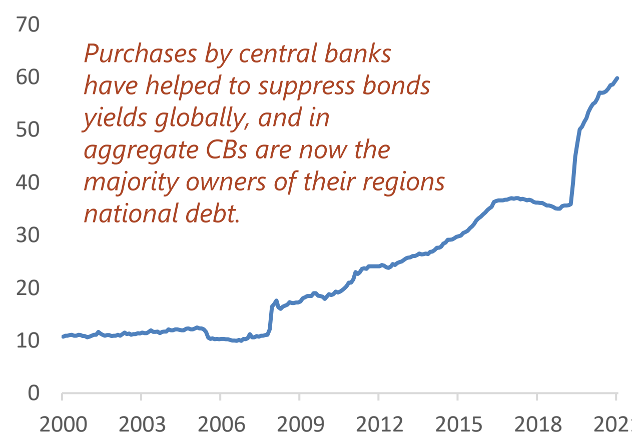
December 2021: "it's probably a good time to retire that word (transitory)"

US M2 ($21,187 billion)



Source: Bloomberg, Plurimi Wealth LLP

G4 CB balance sheet (% GDP)



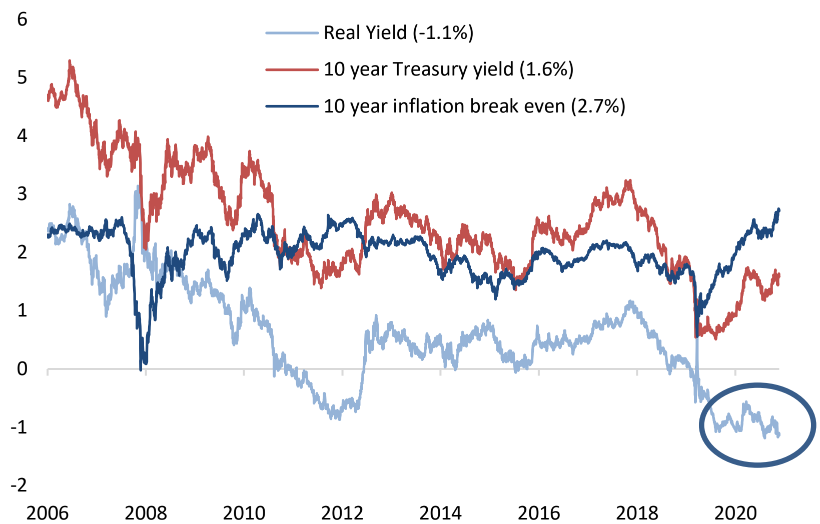
Source: Bloomberg Plurimi Wealth

We expect central banks to maintain accommodative policy throughout all of 2022 but if our base case economic growth is achieved, emergency stimulus will no longer be needed and policy will be gradually withdrawn as the year progresses. The Fed has already begun to taper its bond buying and we expect it will shorten the time frame of the taper. We expect the Fed, BOE, Bank of Canada to hike rates in 2022 while the ECB and Bank of Japan to keep rates unchanged. Even with the pull back of stimulus, policy will remain supportive. In a normal environment any interest rate below inflation is accommodative.

Asset Allocation **Economic growth and liquidity should support risk assets.**

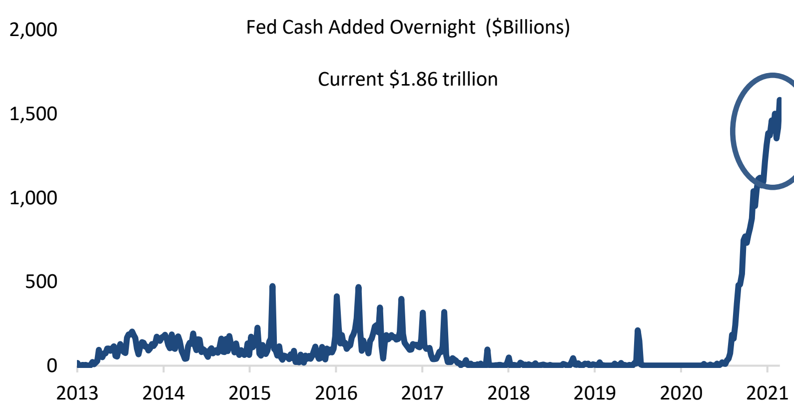
The three pillars of negative real yields, economic & earnings growth and liquidity have been the drivers of record asset price's and record multiples. While these pillars remain in place risk assets should continue to move higher.

Pillar 1: Real Yields



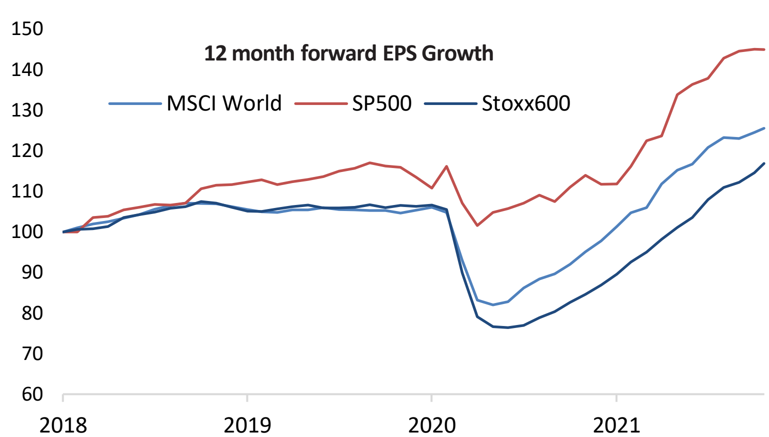
Negative real yields provide the impetus for higher prices, anything that leads to rising (less negative) real yields is a major risk for all asset prices.

Pillar 2: Liquidity



Like a rising tide, negative real yields and abundant liquidity raises all boats. Seemingly uncorrelated assets from equities, credit, gold, property and bitcoin all have this as primary driver.

Pillar 3: Growth



The final pillar is growth. Corporate revenue, profit margins, and earnings are all forecast to stay strong in 2022. Valuations should never be ignored but elevated multiples can be managed while all three pillars remain in place.

Source: Bloomberg, Plurimi Wealth

Asset Allocation

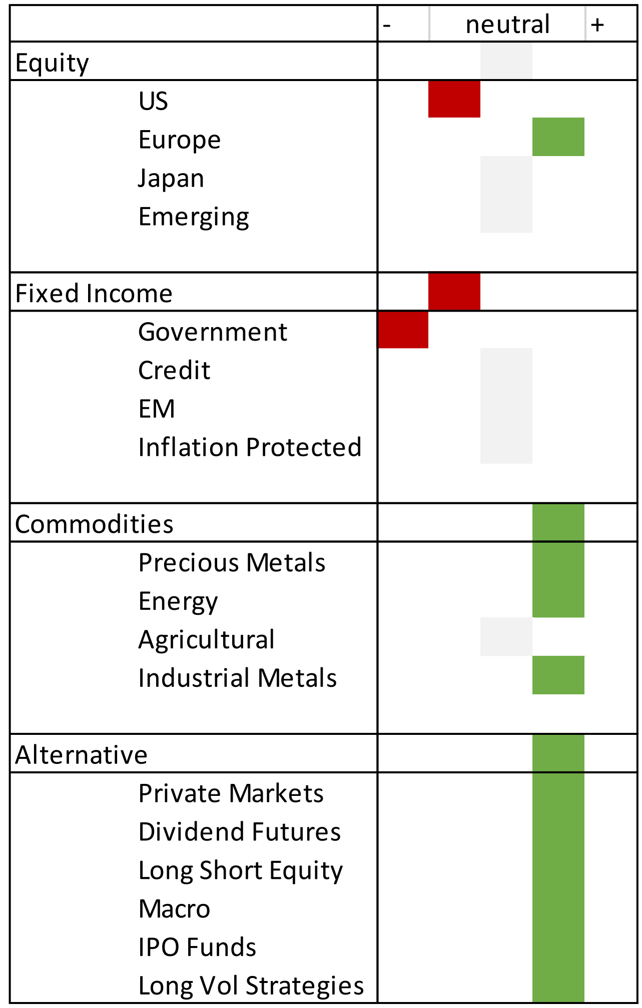
Our tactical asset allocation is based on a continued economic rebound in 2022, with monetary and fiscal support continuing to support risk assets. Offsetting above normal economic growth are extreme valuations and risks from the virus and geopolitics.

Equities: Neutral
Underweight US, Overweight World ex-US. Full valuations offset by growth potential and attractiveness vs bonds. Equity markets like Europe where policy will remain loosest and has supportive valuations are favoured. US is expensive with a hawkish Fed potentially reducing multiples.

Fixed Income: Underweight
Underweight Government bonds, Neutral on credit .

Commodities: Overweight
Own precious metals, and cyclical commodities. Gold is a safe haven should shine if stagflationary pressures grow. Metals and energy benefit from demand and low inventories

Alternatives: Overweight
Own volatility. QE suppresses volatility, as it is removed volatility should result. Private equity and debt offer potentially attractive returns vs more liquid asset classes. Long/Short managers should benefit from volatility and a return to fundamentals driving returns rather than liquidity. Macro managers have underperformed for years, rising rates and volatility may be allowed if central banks stop bond purchases. IPO funds benefit from access to systematically under-priced issuances.



Risks to outlook:

1) **Vaccine risks:** Variants of the virus may provoke government and personal behaviour which suppresses growth.
2) **Diminishing monetary stimulus:** We have assumed monetary policy stays supportive for risk assets. Should inflation continue to surprise to the upside central banks may need to normalize more quickly than we expect.
3) **Regulation, taxation:** We do not expect this will change the business models significantly but a correction could loom if regulatory pressures increase. Large cap tech have led the rally, and given their weight in the market any issue which impacts their valuation is a risk.
4) **Inflation leads to a steeper yield curve**. With all asset beings driven higher by negative real yields, a move to positive real yields leads to lower valuations across the board.

Equities

World (Neutral)

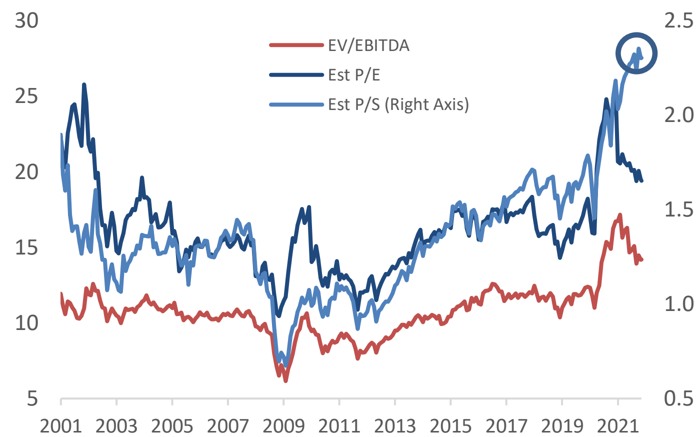
MSCI WORLD	Current	Percentile	Average	Median
Price Earnings Ratio (P/E)	22.15	61	21.33	20.54
BEst P/E Ratio	19.42	85	16.35	15.95
Long Term Price Earnings Ratio	30.93	89	22.44	22.08
Price to Book Ratio	3.14	89	2.42	2.37
Price/EBITDA	12.30	96	7.99	7.46
Price to Sales Ratio	2.32	98	1.36	1.34
Enterprise Value/EBITDA	14.21	93	10.92	10.71
Profit Margin	10.49	100	6.30	6.53
Operating Margin	13.75	100	10.49	10.45
Dividend Yield	1.73	17	2.23	2.22
10Y Yield	1.35	4	3.71	3.67

Source: Bloomberg. Jan 1995 to 10 Dec 2021

We end 2021 with neutral stance on equities. Full valuations are offset by continued growth potential and relative attractiveness vs bonds. European equity markets where policy will remain the loosest and has supportive valuations should perform well. The risk with this view is that Europe is also more prone to earnings hits from the virus.

The MSCI World is trading at 2.3x sales. This multiple is near a record high and other multiples average 87th percentile. We continue to prefer to take cyclical risk in equities to mitigate the multiple risk which we expect will hinder equity returns next year.

Global equity valuations



Factors favouring equities

- Relative to bonds equities remain very attractive.
- Strong earnings growth should continue.
- Real yields and liquidity remains very supportive as we enter 2022.
- Additional fiscal stimulus more likely than austerity measures.

Factors working against equities

- Optimism on economic growth is a consensus view.
- Broad market is near peak valuations.
- Potential regulation headwinds to large cap US stocks and continued Chinese crackdown.
- Potentially rising bond yields, and hawkish policy from central banks.

Equities

World styles and themes

As central banks taper it is likely liquidity driven markets will decline. This will be a headwind for all assets but may trigger a significant reversal in some of the most speculative areas of the market. Meme stocks, NFTs, Meme coins, and the most expensive equities without profitable business models may see significant selloffs.

We expect growth will determine the style winner in 2022 and a strong cyclical backdrop could lead to value growing faster than 'growth'. A steepening of the yield curve would entrench a value rotation, but while the virus presents risks we are not sure markets will let that happen. Any unexpected headwinds to the recovery will favour growth stocks. A sustained value rotation based on the post-vaccine recovery should help the more cyclical European and Asian markets vs the tech heavy US. While US value is cheaper than growth, it is near record multiples vs. its own history.

We expect a thematic approach to equity investing is appropriate at this stage of the market cycle. Sectors with clear regulatory tail winds, or benefitting from new technologies vs. incumbents with broken business models are positioned to deliver outsized growth as the recovery matures. Clean energy, fintech and 5G are three themes we have recommended since 2020 and continue to see strong growth potential in 2022. We also like the prosects for equities which can defend profit margins and own assets which create margin headwinds for other sectors.

US Value vs Growth

RUSSELL 1000 VALUE INDEX	Current	Percentile	Average	Median
Price Earnings Ratio (P/E)	18.85	72	17.36	16.90
BEst P/E Ratio	16.32	67	15.30	14.80
Long Term Price Earnings Ratio	24.60	96	17.48	17.22
Price to Book Ratio	2.55	83	2.08	2.06
Price/EBITDA	10.27	95	6.42	5.64
Price to Sales Ratio	1.94	97	1.29	1.27
Enterprise Value/EBITDA	12.62	93	10.19	10.13
Profit Margin	10.04	100	6.40	6.96
Operating Margin	13.25	96	11.09	11.28
Dividend Yield	1.99	10	2.49	2.43

RUSSELL 1000 GROWTH INDX	Current	Percentile	Average	Median
Price Earnings Ratio (P/E)	37.79	89	25.31	22.57
BEst P/E Ratio	31.92	93	20.98	19.63
Long Term Price Earnings Ratio	64.77	97	35.10	31.86
Price to Book Ratio	13.80	99	5.56	4.70
Price/EBITDA	22.75	94	12.34	11.01
Price to Sales Ratio	5.36	98	2.39	2.09
Enterprise Value/EBITDA	23.79	94	14.05	13.01
Profit Margin	14.57	99	8.46	8.58
Operating Margin	18.27	100	13.55	13.33
Dividend Yield	0.68	9	1.20	1.20

Source: Bloomberg. Jan 1995 to Dec. 2021

Investment themes where we have actively managed certificates available:

Disruptive Growth:

Clean Energy technology: Clean tech has a major role to play in the economic recovery and fiscal spending and regulatory tail winds should spur lasting growth in this sector. Shareholders emphasis on 'ethical and green' also support share prices.

Fintech: Mobile payments, e-commerce, and infrastructure for crypto currencies are all growing rapidly. The traditional banking model is unprofitable without interest rate margin and disruptive financial technology companies are taking market share.

5G infrastructure and business beneficiaries: Companies providing infrastructure for the 5G rollout, new smart phones and busines models based on rapid connectivity all are positioned to deliver outsized growth on the back of 5G high speeds and low latency.

Defensive Growth:

Healthcare: Societal changes including aging populations and a growing middle class set up significant demand for a wide range of pharmaceutical, and healthcare services. The healthcare sector offers high profitability, growth and innovation.

Inflation:

Inflationary equities: Investments in global stocks in which should benefit from rising or persistent inflation. Will generally have a significantly exposure to materials, energy and financials sectors.

Fixed Income **Underweight**

We are continuing to underweight G7 government bonds, based on the long-term valuation. Bond yields have fallen to levels that reflect permanently distorted monetary policy. This is a possible outcome, but we think that eventually, loose monetary policy will lead to higher long-term yields. Governments running massive deficits and record debt levels will eventually see debasement as their base case. We expect bond yields will converge with expected inflation over the next two years.

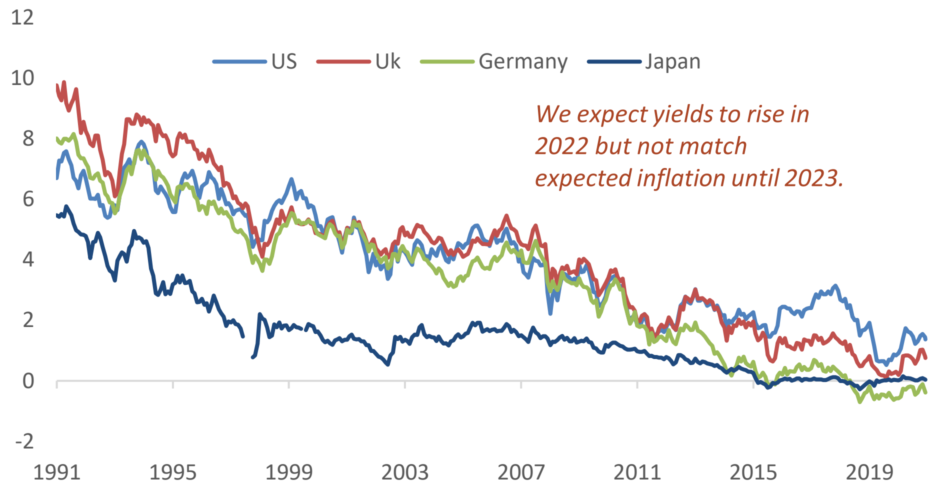
Central banks have been the bond market's best friend. This is likely to persist but is losing momentum.

We think there is now risk that government bonds yields have moved so low that any confidence of sustained growth when the virus fades, or persistent inflation will need very proactive communications from central banks to avoid a major selloff.

Bond yields can rise next year, but probably not to levels which match inflation. The global industrial cycle upswing will lift Treasury yields but the Fed will try to make sure that it doesn't go too far. We forecast modestly higher yields across most of the world, with Treasuries yielding 2.0%, Germany 0.0%, Japan 0.1% and UK 1.8% by year end.

Inflation swaps have started to price in higher prices lasting for years, while bonds have not. Break evens now look in line with our expectations, but given the potential for inflation to spike higher we recommend neutral weight on inflation protected bonds. While government bonds offer negative real yields, corporate bond spreads remain somewhat attractive, but the aggregate yield has fallen to record low levels.

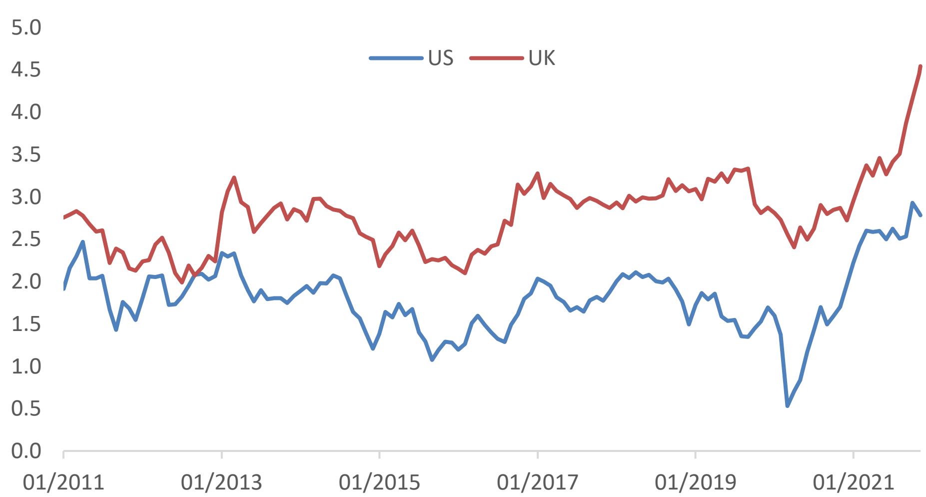
10 year sovereign bond yields



Source: Plurimi Wealth Bloomberg

We expect some steepening with the economic recovery, but central banks will not let it go too far.

5 year inflation break evens



Source: Plurimi Wealth Bloomberg

Commodities **Overweight**

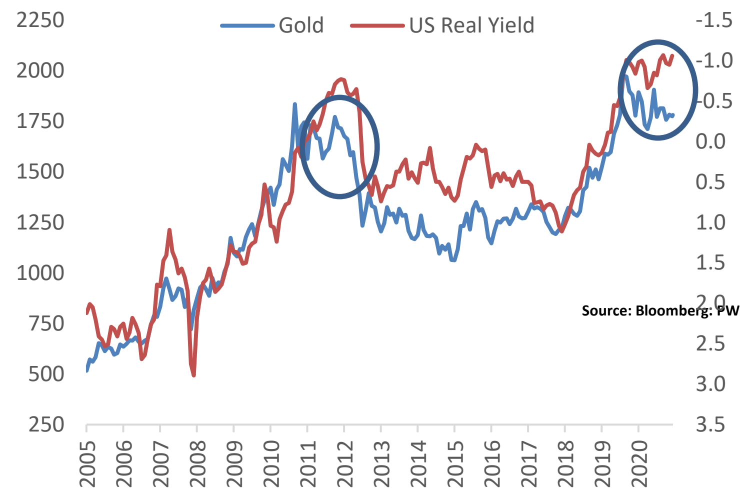
Most commodities have seen inventories drawn down. While new supply is slowing, demand should continue to be strong as the economy re-opens. The continuation of broad tight markets in copper and nickel and strong demand with low inventories provides a strong basis for sustained price upside.

Gold performance has been impacted by the strong USD, but we expect it will fulfil its role as a safe haven and hedge against stagflation should the economy move in that direction. Gold has moved with the inverse of real yields over the past 15 years, with two notable exceptions. In 2013 gold sold off before the taper tantrum and currently gold has stagnated while real yields have moved to record lows. Worryingly for gold, a new taper is upon us but we expect gold to return to strength as a tantrum in the bond market looks unlikely this time.

We believe commodities are the best protection against stagflation as well as a good investment in a reflationary environment. Not only are they a hedge for stagflation, commodities are probably a major cause of it, should stagflation occur.

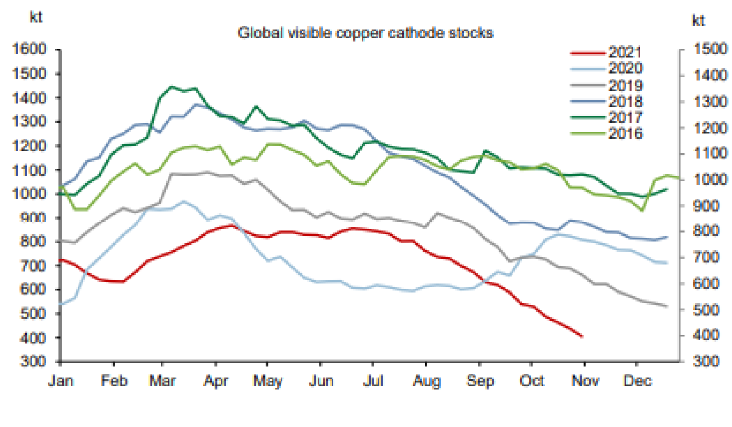
Commodities also offer attractive portfolio characteristics. Correlations with equity and bond returns have become sharply negative while bond and equity returns have themselves become increasingly correlated.

Gold ($/oz) and real yields



Source: Bloomberg; PW

Global copper inventories



Source: Wind, Goldman Sachs Global Investment Research

Source: Goldman Sachs

Currency

We expect Central bank policy differential will likely be the most significant driver of currency movements in 2022. We favour USD and commodity exporting countries vs. the euro, yen and Swiss Franc which will continue with looser monetary policy for longer.

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