SARASIN & PARTNERS

SARASIN MODEL PORTFOLIOS

QUARTERLY COMMENTARY Q4 2025

This document is intended for our financial adviser clients who are professional investors and who may wish to discuss the contents with their own clients. If you are a retail investor reading this document, you should not act or rely on the contents without the guidance of your financial adviser.

BEN GILBERT
FUND MANAGER

EDWARD LLOYD
DEPUTY FUND MANAGER

QUARTER HIGHLIGHTS

- A cut in US interest rates supported riskier asset classes, particularly technology stocks.
- The Vanguard FTSE All Share Index Fund was the portfolios' main positive contributor.
- The Brown Advisory US Mid-Cap Growth Fund (GBP) detracted from the portfolios' performance.
- We increased our holding in the Fidelity Index Emerging Markets Fund and sold the holding in the Barings Europe Select Income Fund.
- Our underweight position in both corporate and government bonds reflects our view that we see better opportunities in other asset classes.

ECONOMIC REVIEW

The US Federal Reserve announced further interest rate cuts over the quarter, which proved supportive for riskier asset classes. Technology stocks, particularly those exposed to artificial intelligence (AI) and cloud computing, led the way. Elsewhere, Japan's newly elected Prime Minister, Sanae Takaichi, announced supportive economic measures. This helped Japanese stock markets to perform well. Emerging markets, particularly in Asia, also posted strong gains helped by robust company earnings.

Some volatility emerged in the closing days of the quarter. Concerns over the monetisation of AI spending caused some short-term weakness in equity markets, but not enough to erase overall gains. Precious metals performed well, with silver the dominant contributor.

PORTFOLIO REVIEW

The Vanguard FTSE UK All Share Index Fund was the portfolios' main positive contributor to performance. UK share prices rose, particularly banking and mining stocks, which benefited from rising prices for rare earths and metals. Legal & General European Index Trust also contributed positively as European banks rallied on strong earnings, while a recovery in pharmaceutical stocks also aided returns.

In contrast, the Brown Advisory US Mid-Cap Growth Fund (GBP) detracted from the portfolios' performance, as investors rotated away from US technology stocks on concerns over valuations. Barings Europe Select Income Fund also contributed negatively. Its holdings in German engineering company Renk Group and Kontron AG, the Austrian digital solutions business, weighed on performance following underwhelming guidance and disappointing earnings.

PORTFOLIO TRANSACTIONS

We increased our holding in the Fidelity Index Emerging Markets Fund as we remain positive on the outlook for these geographies. Holdings in this asset class are benefiting from a weaker US dollar, reasonable earnings growth and attractive relative valuations.

Changes in the Barings Europe Select Income Fund team and challenges to stock selection led us to exit our holding in the fund.

QUARTERLY OUTLOOK ▶

IN FOCUS

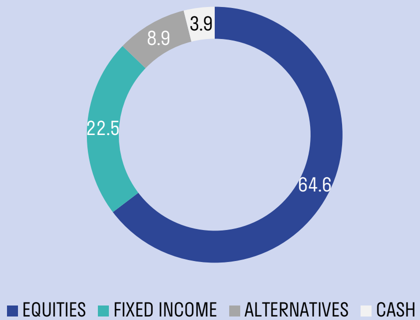
Bank of Ireland

Bank of Ireland has performed well in the portfolios on the back of improved profitability and increased capital returns to shareholders through share buybacks and dividends. Earnings have been underpinned by resilient net interest income and accelerated loan growth, helping lift the lender's share price higher.

We believe Bank of Ireland has a modest valuation compared with the returns that it offers shareholders, which gives potential for the share price to increase.

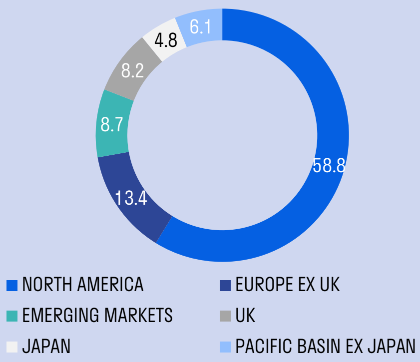
MODEL PORTFOLIO EXAMPLE

ASSET ALLOCATION (%)



Asset allocation of Sarasin Balanced Model Portfolio as at 31 December 2025.

GEOGRAPHIC ALLOCATION (%)



Geographic allocation of Sarasin Balanced Model Portfolio as at 31 December 2025.

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FIND OUT MORE ABOUT OUR MODEL PORTFOLIO SERVICE

The Sarasin Model Portfolios are five risk-rated multi-asset model portfolios designed to support long-term real return objectives. Financial advisers who would like to find out more about how the Sarasin Model Portfolios could help your clients, please contact us directly on:

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OUTLOOK

Competing global powers, likely increased defence spending and new trade tariffs could make 2026 a year of political, economic and technological fragmentation. We believe that innovation-led economies should continue to benefit from investment in AI and data centres. Inflation modestly above target levels in developed countries and US mid-term elections in November should provide a supportive backdrop for equity market growth.

We are overweight equities compared with our benchmark, as corporate earnings appear to be recovering. Our underweight position in both corporate and government bonds reflects our view that fixed income assets do not currently offer adequate diversification compared to their history. Our above-benchmark gold position provides some protection against market volatility and the erosion in value of fiat currencies (government-issued money with value based on trust, not backed by a physical commodity) as a result of inflation.

SARASIN MODEL PORTFOLIOS

KEY RISKS

It is important that investors are aware of the various risks prior to making an investment decision. The primary risks of the models have been outlined below:

Capital; The value of your investments can go down as well as up, and you may not get back the full amount you invested.

Market; Investment returns are subject to market conditions. Volatility in financial markets may negatively affect portfolio values.

Concentration; Portfolios that are not well diversified or are concentrated in specific asset classes, sectors or geographies may carry higher risk.

Liquidity; Some investments may be difficult to sell quickly at a fair price, particularly during periods of market stress.

Currency; If your portfolio includes overseas investments, fluctuations in exchange rates may affect the value of your investments.

Credit; Fixed income and other debt instruments carry the risk that issuers may default on their obligations, which could impact the portfolio's value.

Inflation; Inflation may reduce the real value of investment returns over time.

The risk factors outlined above represent key considerations relevant to the model portfolios. This list is not intended to be exhaustive, and advisers should be mindful of additional risk factors that may be relevant depending on client-specific circumstances and prevailing market conditions.

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Capital at risk. The investments of the Model Portfolios are subject to normal market fluctuations. The value of the investments of the Model Portfolios and any income derived from them can fall as well as rise and investors may not get back the amount they originally invested. If investing in foreign currencies, the return in the investor's reference currency may increase or decrease as a result of currency fluctuations. Past performance is not a reliable indicator of future results and may not be repeated. Forecasts are not a reliable indicator of future performance.

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