

MPS quarterly webinar Strategy update

October 2026

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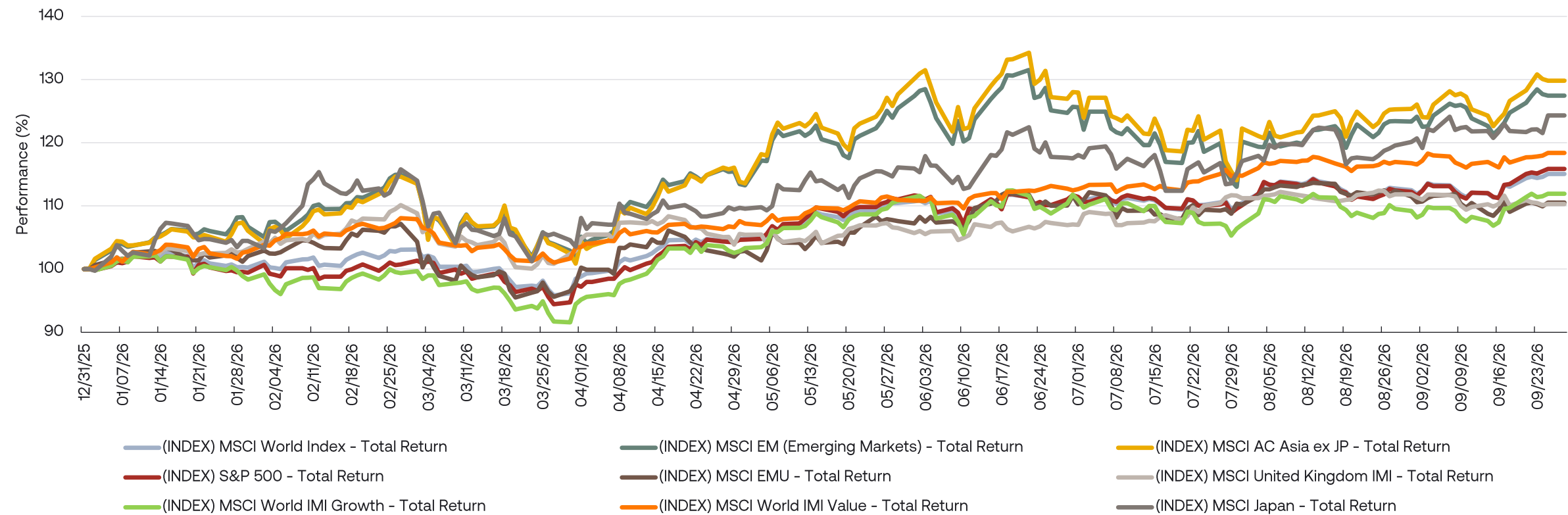


Market backdrop



Global equity performance YTD

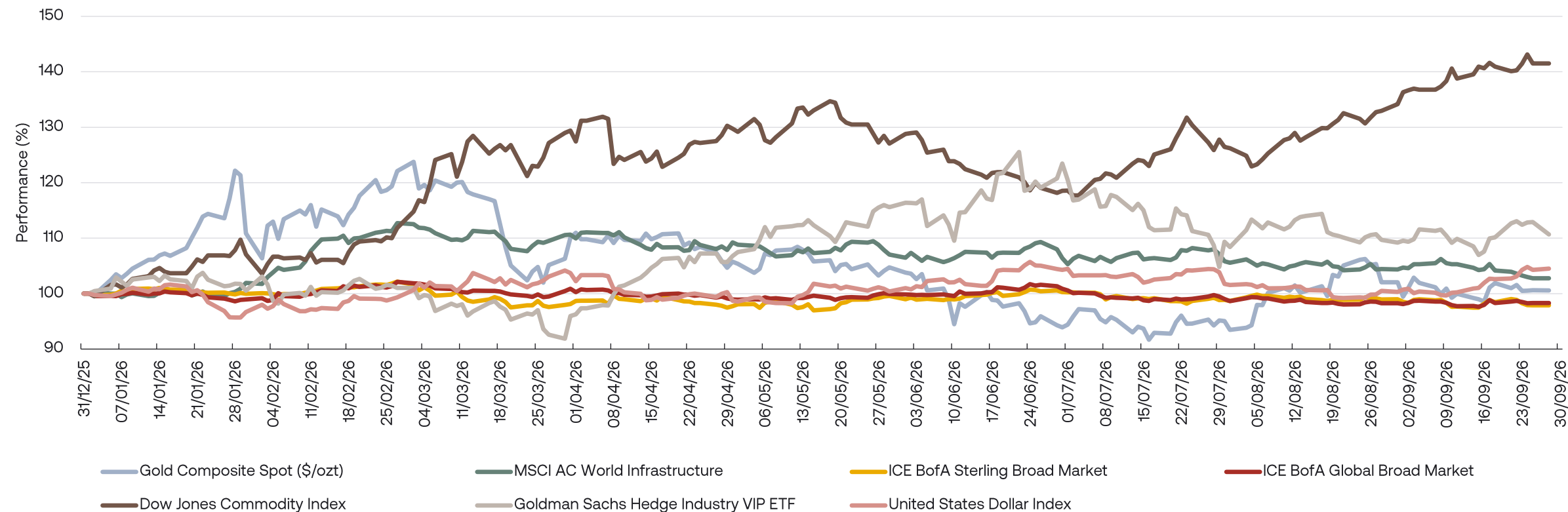
Asia and Emerging Markets lead global indices



Source: FactSet 31.12.25 to 28.09.26
Past performance is not a reliable indicator of future results and may not be repeated.

Diversifying performance YTD

Commodities rise on back of higher energy prices



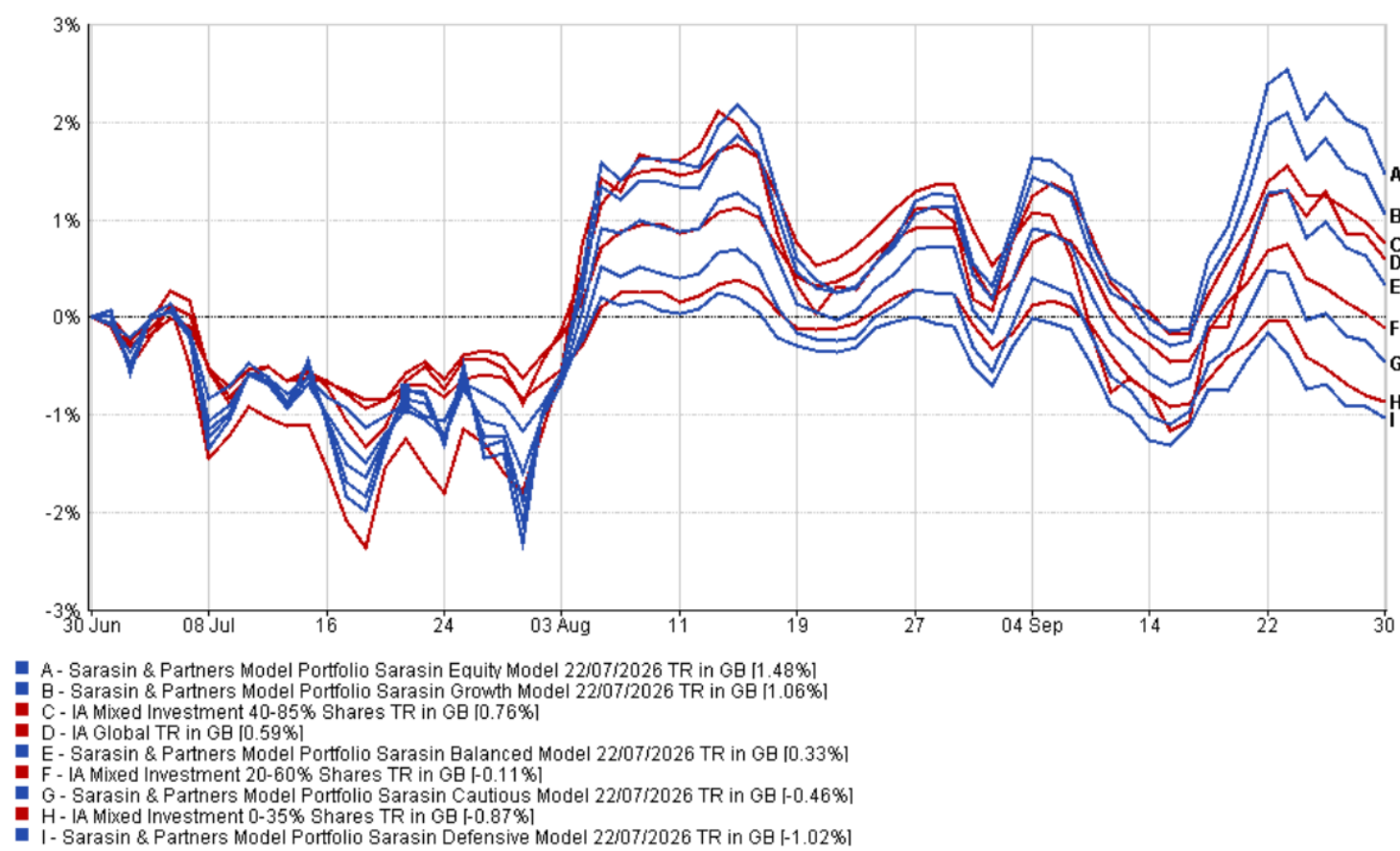
Source: FactSet 31.12.25 to 30.09.26
Past performance is not a reliable indicator of future results and may not be repeated.

Performance overview



MPS Q3 performance vs peers

Higher risk portfolios ahead of peers

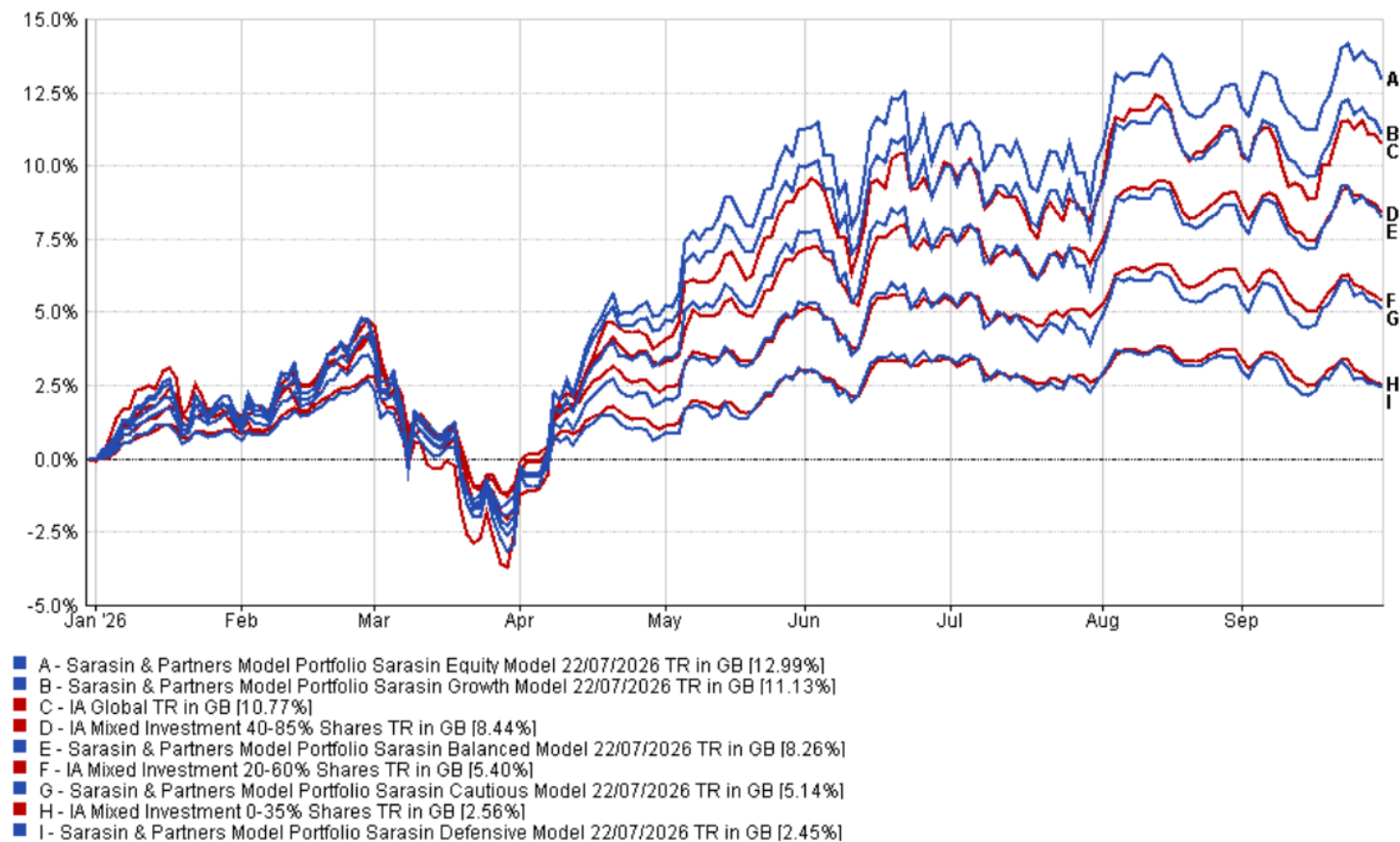


Source: FE Analytics: 30.06.26 to 30.09.26. Performance is net of Sarasin fees.
Past performance is not a reliable indicator of future results and may not be repeated.

30/06/2026 - 30/09/2026 Data from FE fundinfo 2026

MPS YTD performance vs peers

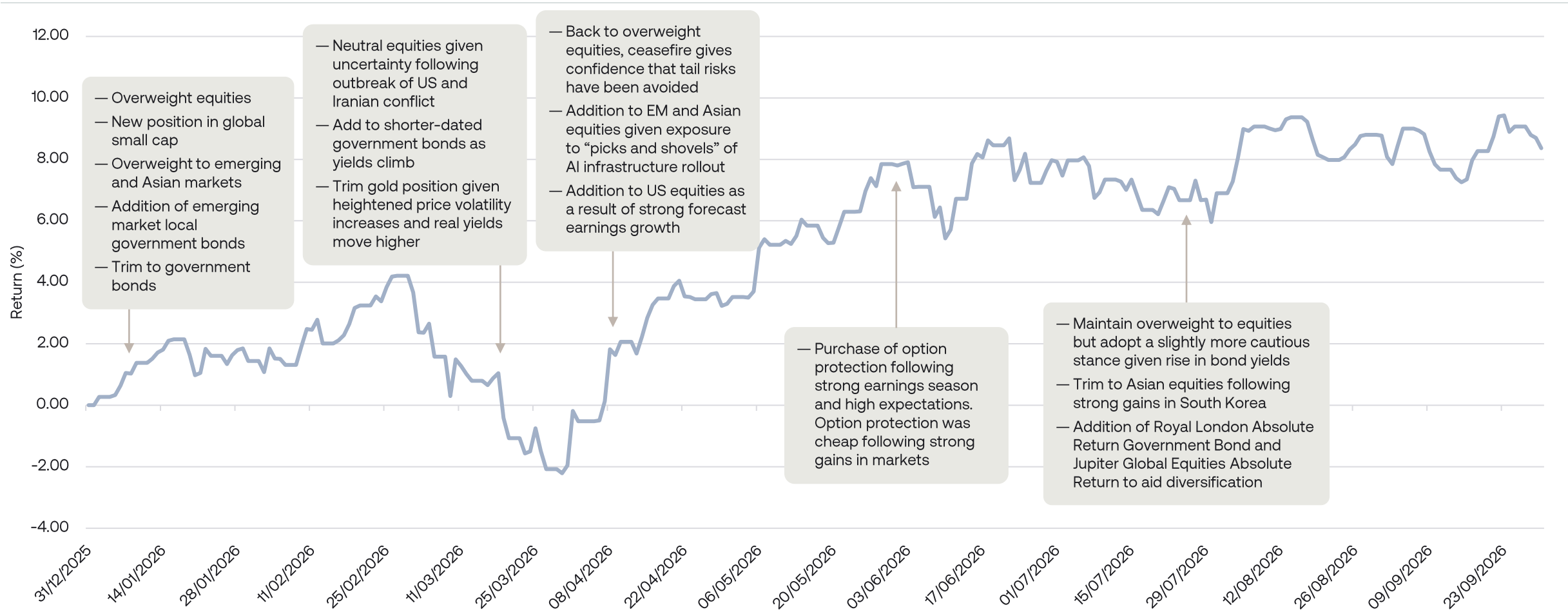
Remains the case for the year-to date



Source: FE Analytics: 31.12.25 to 30.09.26. Performance is net of Sarasin fees.
Past performance is not a reliable indicator of future results and may not be repeated.

31/12/2025 - 30/09/2026 Data from FE fundinfo2026

MPS rebalance trades 2026



Source: Morningstar 31.12.25 to 30.09.26
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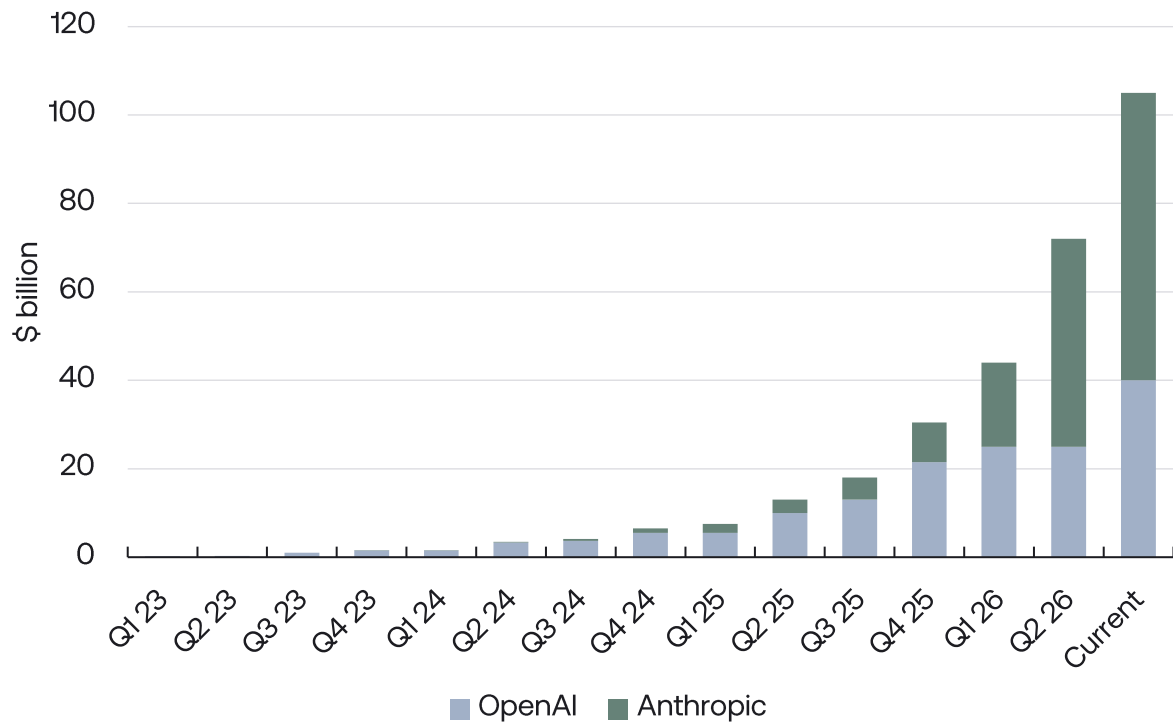
AI and debt issuance



AI economy

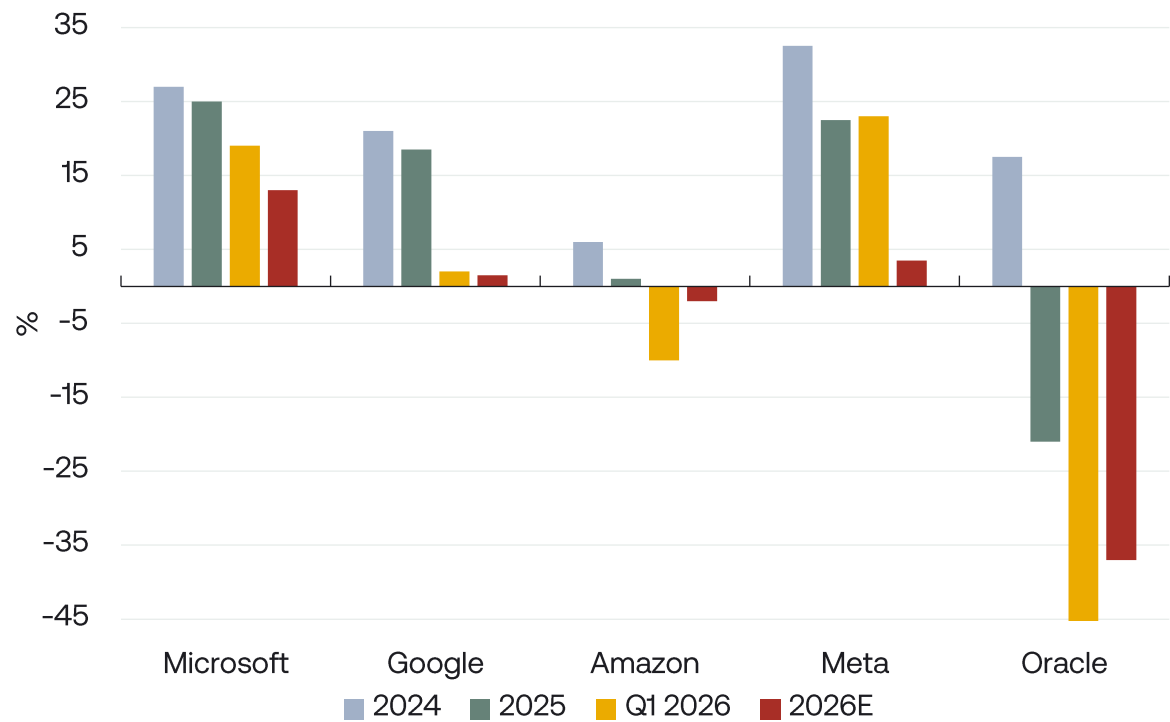
Revenues are robust – but investment is compressing cash flows

AI Revenues are for real – frontier LLM models growing income at an extraordinary rate
OpenAI and Anthropic annualised revenues – 2023 through mid-August 2026



Source: Company Reports, Epoch AI, Empirical Research Partners Analysis, September 2026
Past performance is not a reliable indicator of future results and may not be repeated.

AI compresses hyperscaler free cash flow
Hyperscaler* free cash flow margins, 2024–2026E

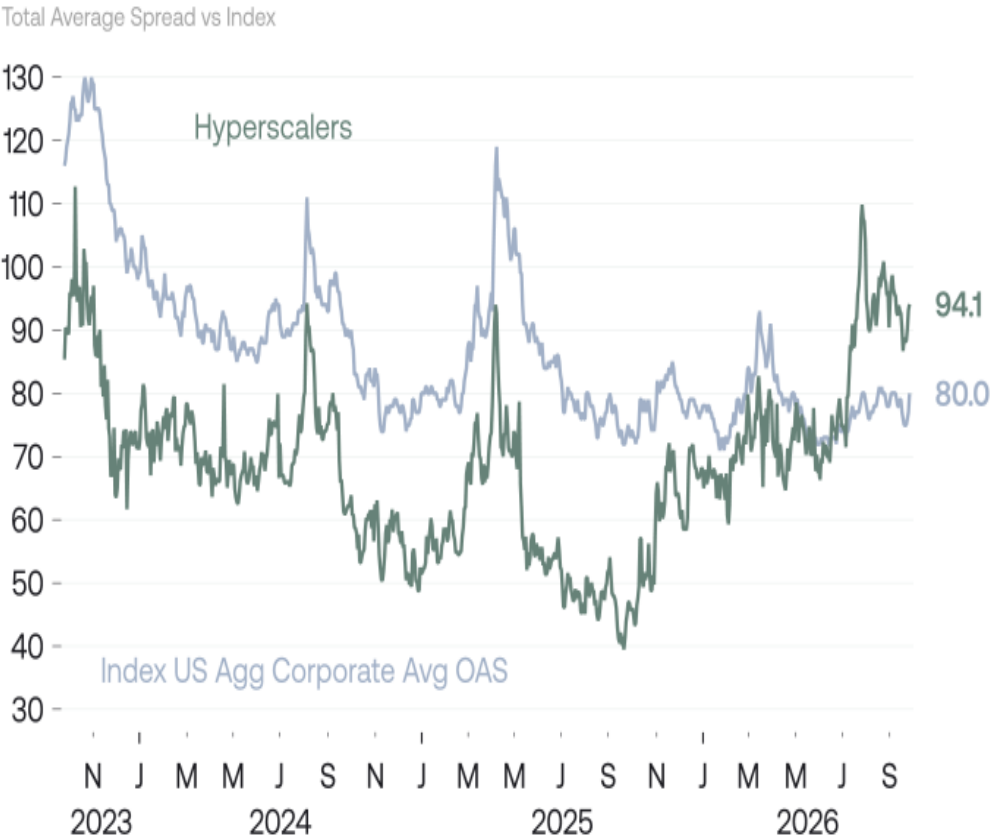


Source: Empirical Research Partners, June 2026
*Hyperscalers – Microsoft, Alphabet, Amazon, Meta and Oracle

Hyperscaler credit spreads

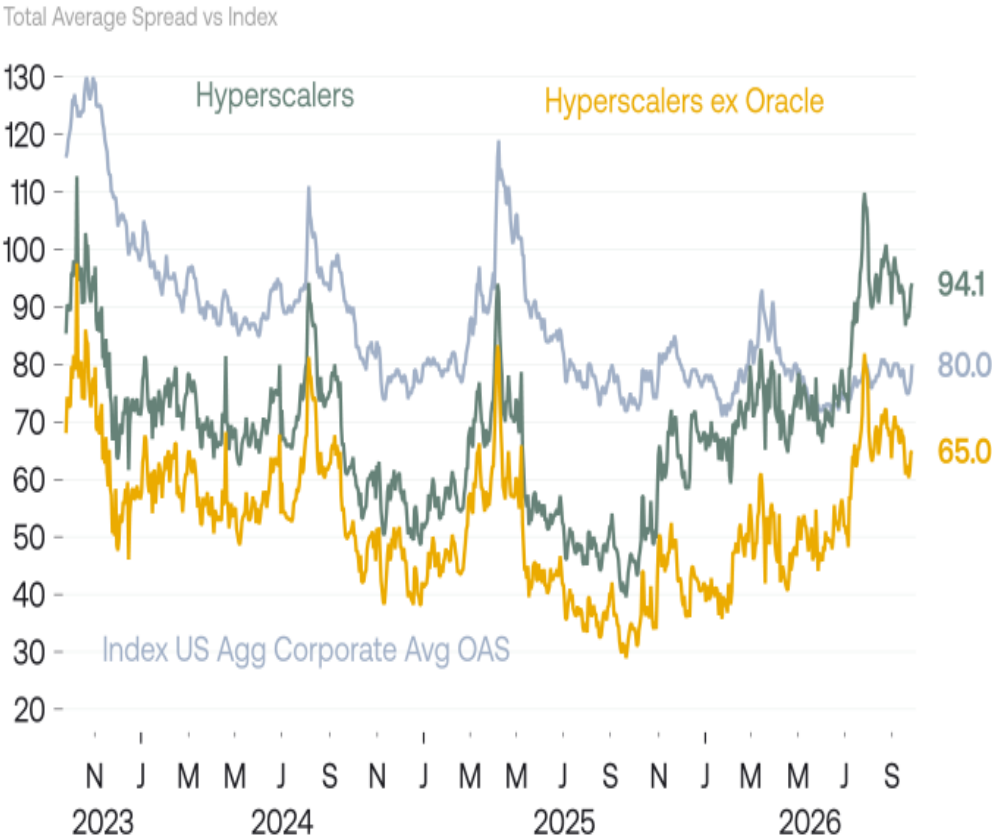
Spreads have widened, but most remain below the corporate index

Hyperscaler credit spreads versus the corporate index



Source: Macrobond, 28.09.26.
Average of bonds maturing between 2032 and 2040 for five hyperscalers.

Excluding Oracle, spreads remain tighter than the index

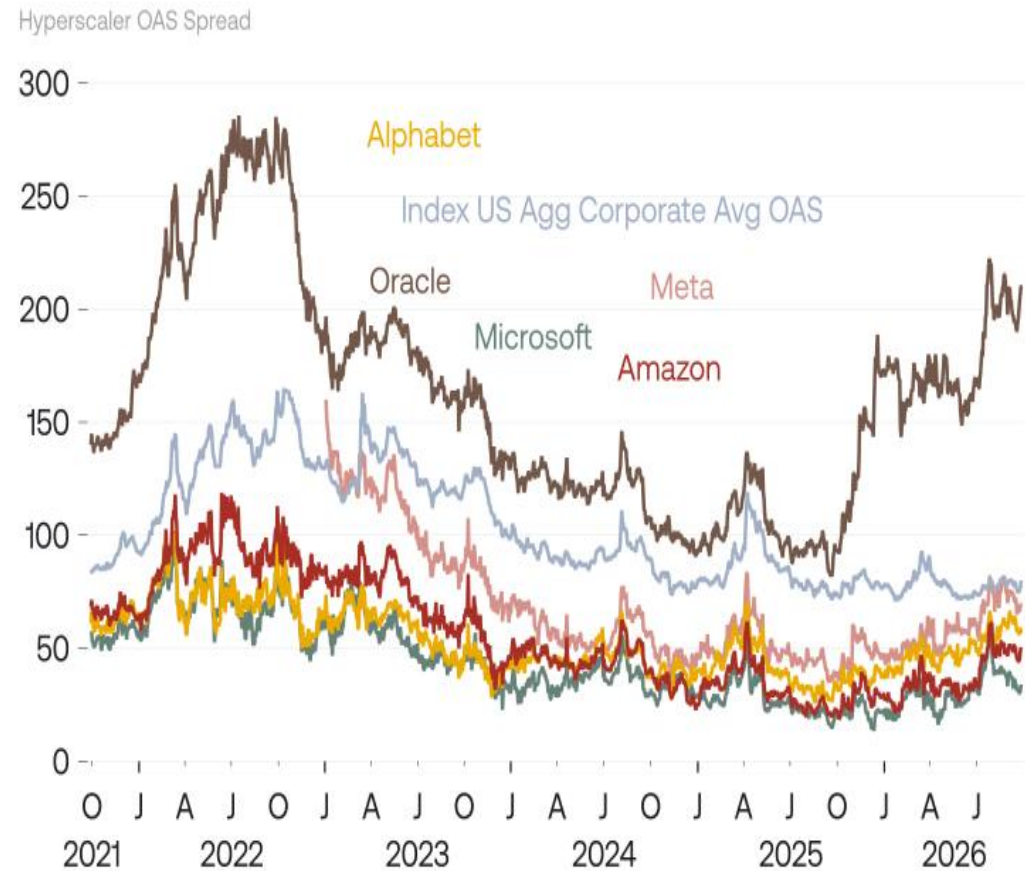


Source: Macrobond, 28.09.26

US investment-grade credit

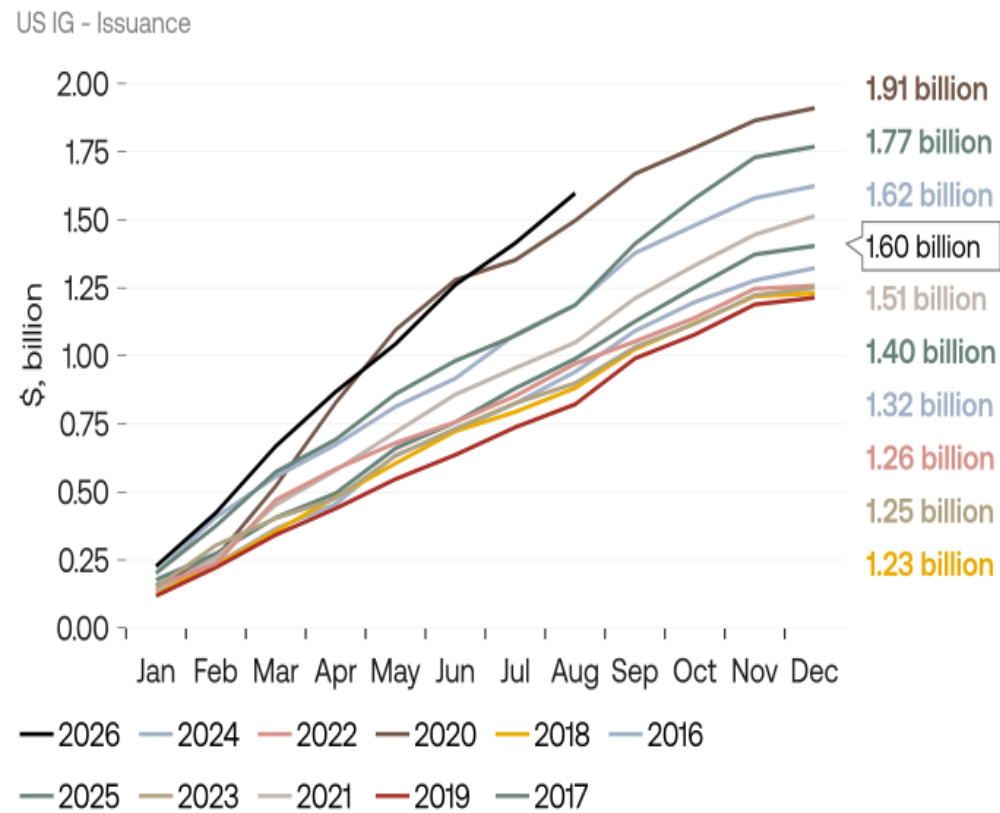
Oracle remains the outlier as gross issuance approaches a record

Hyperscaler credit spreads



Source: Macrobond, 28.09.26

US investment-grade gross issuance



Source: Macrobond, 28.09.26

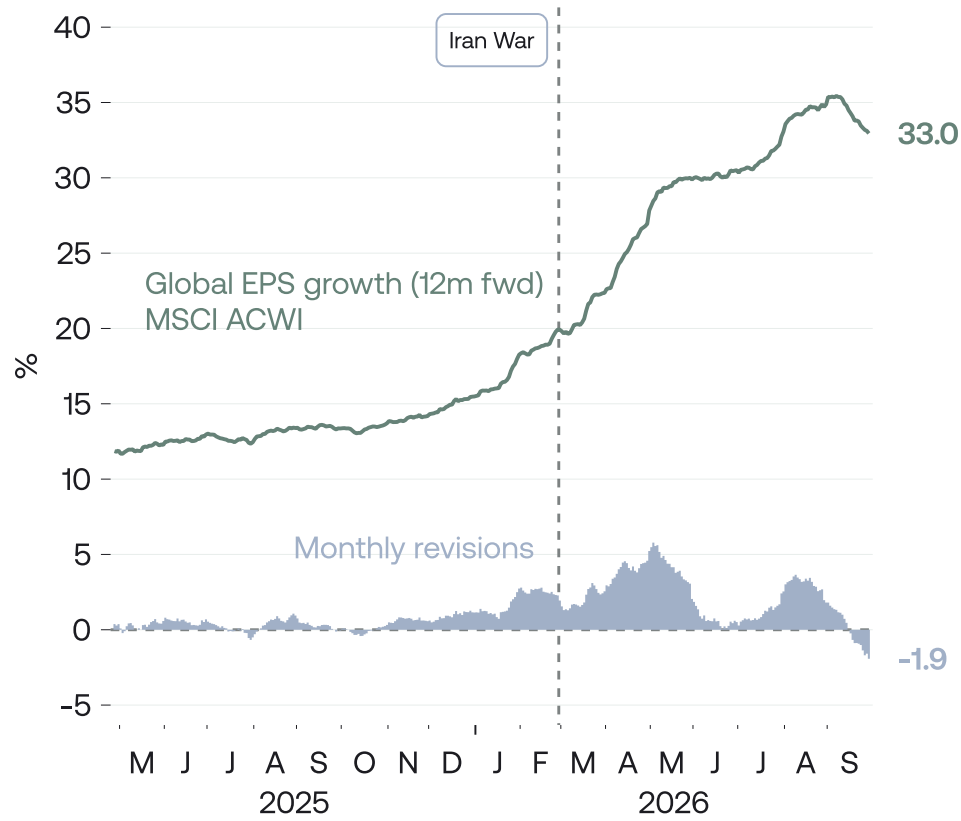
Portfolio positioning



Global equities

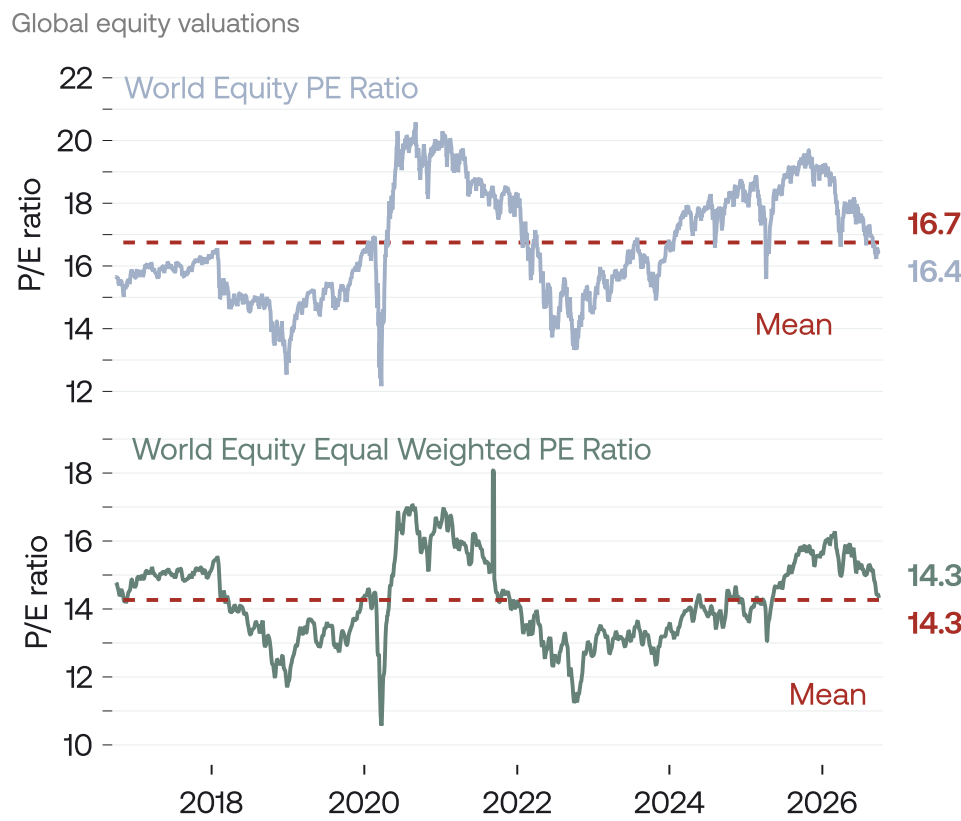
Overweight: robust earnings – valuations less challenging

Earnings strong despite Iran war



Source: Macrobond, 29.09.26

Equity market valuations decline as profits surge



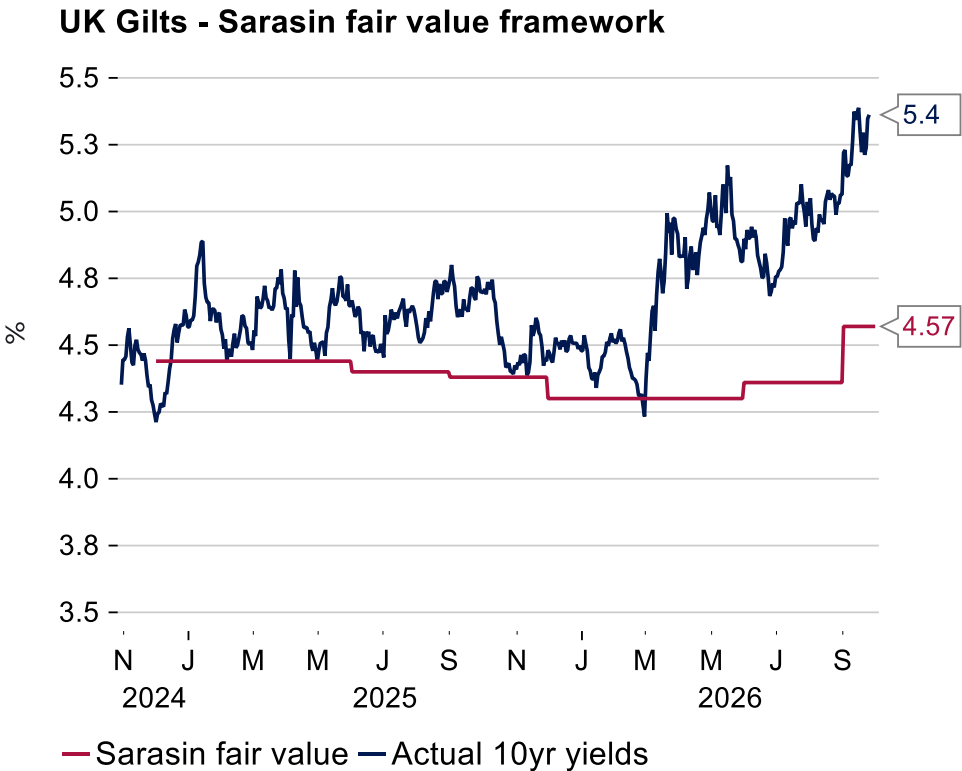
Source: Macrobond, 29.09.26

Past performance is not a reliable indicator of future results and may not be repeated.

Bonds

Neutral government bonds – underweight corporate

Value now appearing in UK Gilt market



Source: Macrobond

Corporate spreads are very tight



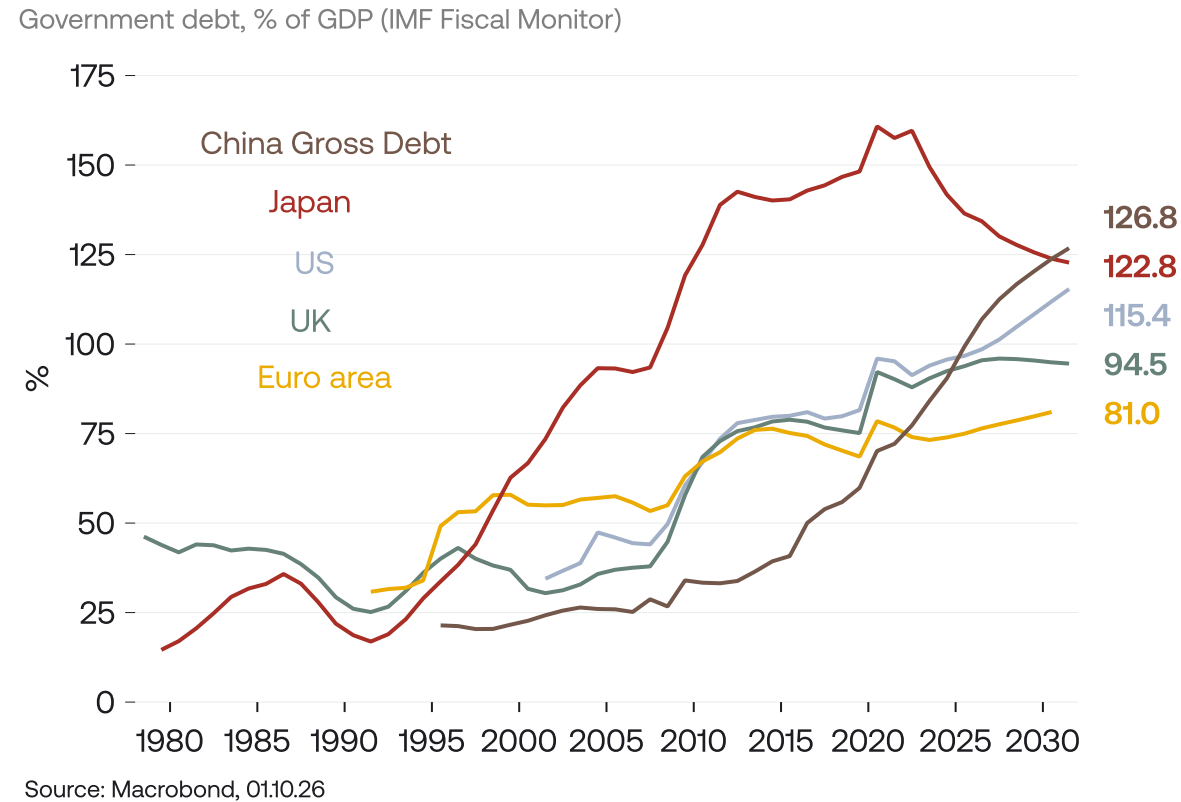
Source: Macrobond, 29.09.26

Source: Macrobond & Sarasin, 24.09.26
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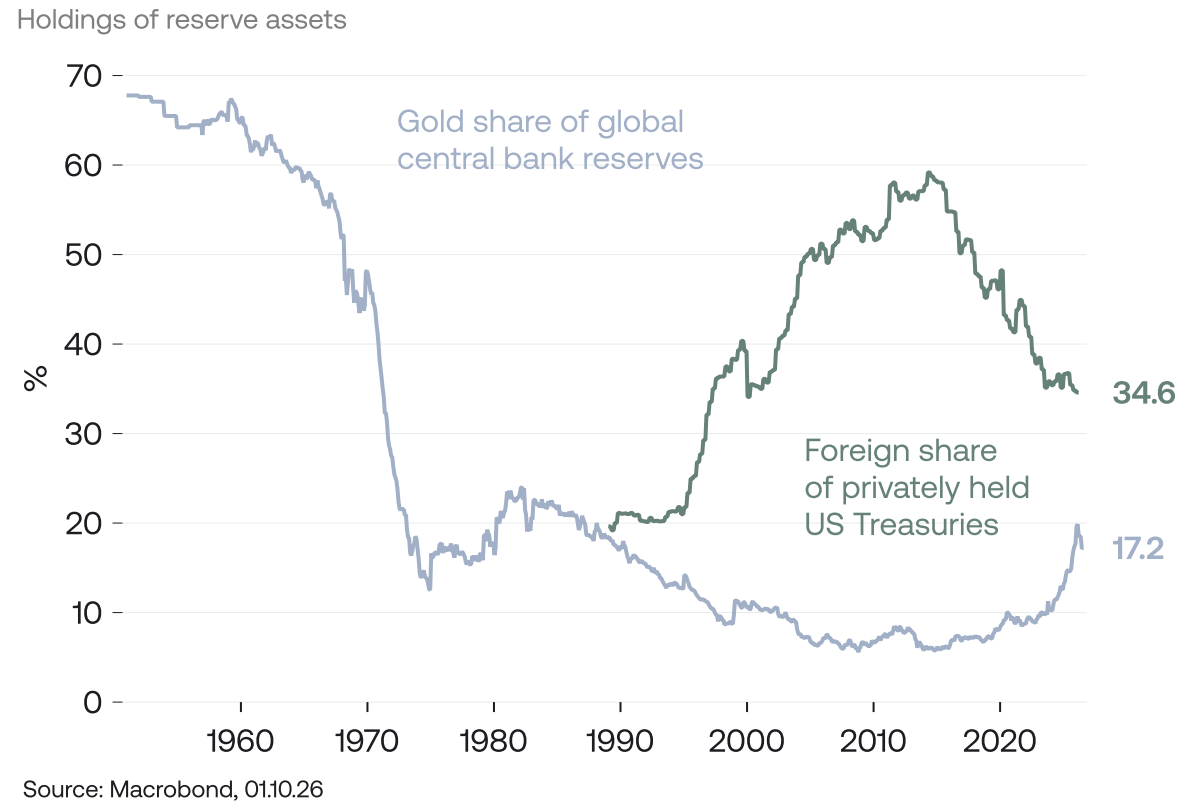
Alternatives

Overweight: Persistent govt deficits argue for gold and real assets

Governments show little appetite for curbing deficits



Gold has risen as a proportion of central bank reserves



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October 2026: Global Policy Stance

Bonds Underweight	Equities Overweight	Alternatives Overweight	Cash Underweight	Risks
Neutral government bonds: higher yields reflect fiscal risks Underweight credit: spreads remain historically tight	Overweight equity: global equity earnings remain robust; nominal growth remains high Valuation: earnings estimates continue to climb despite Iran war	Overweight alternatives: provides better risk adjusted return than fixed income Emerging market local currency debt offers attractive returns Broader allocation to commodities	Opportunities to invest elsewhere	1. Inflationary risks remain persistent as economies run hot and energy shock persists 2. AI returns could prove elusive – earnings shock would risk derating in global markets 3. Liquidity squeeze / disorderly bond markets – rising net issuance in equity and bond markets could raise funding costs

Source: Sarasin & Partners, October 2026

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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50 George Street
London W1U 7DY

T: +44 (0) 20 7038 7000
www.sarasinandpartners.com



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