SARASIN
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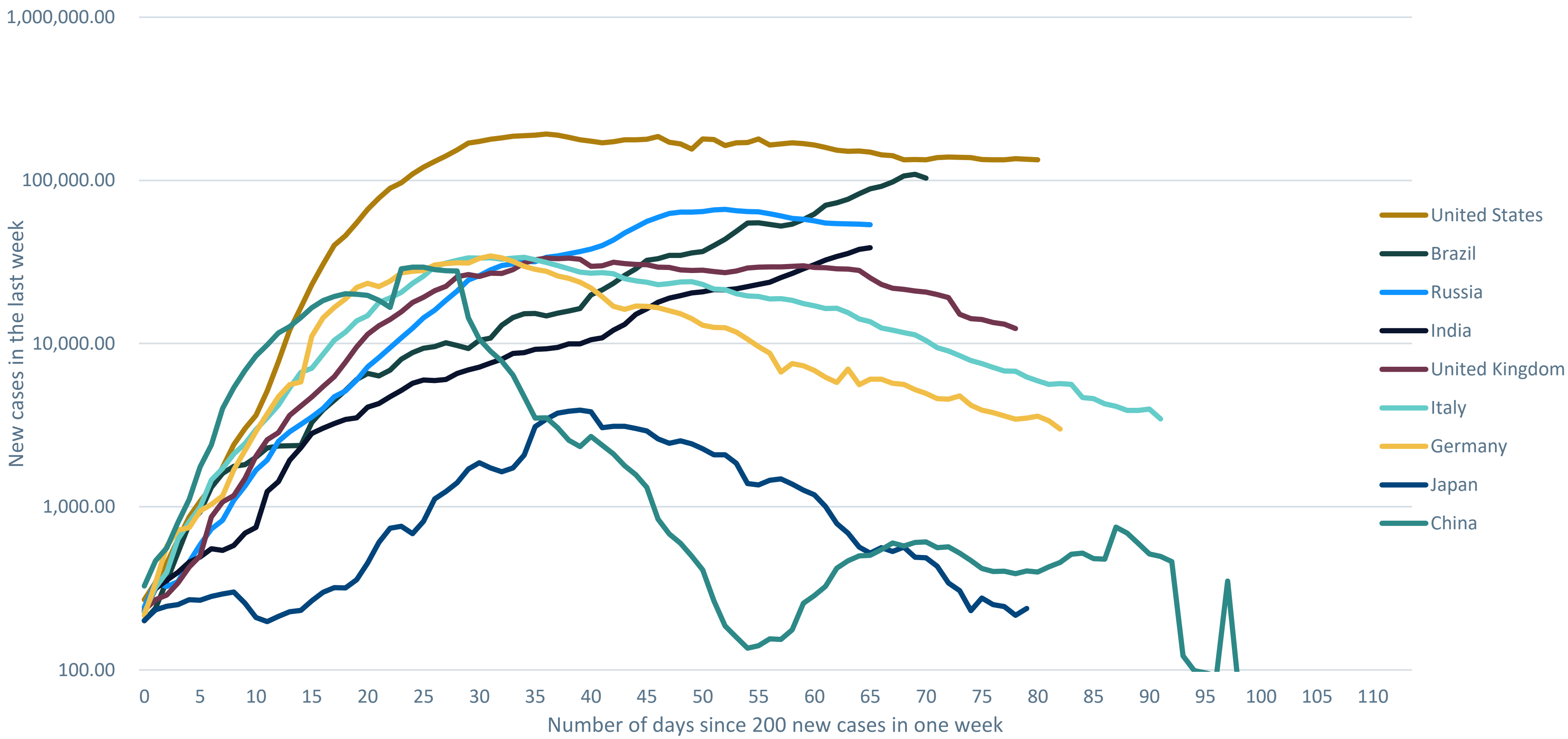
Sarasin Global Strategy and Outlook

Reopening the world in a deeper shade of green…

COVID19 - European cases materially declining but infections climbing worryingly in Brazil and India...

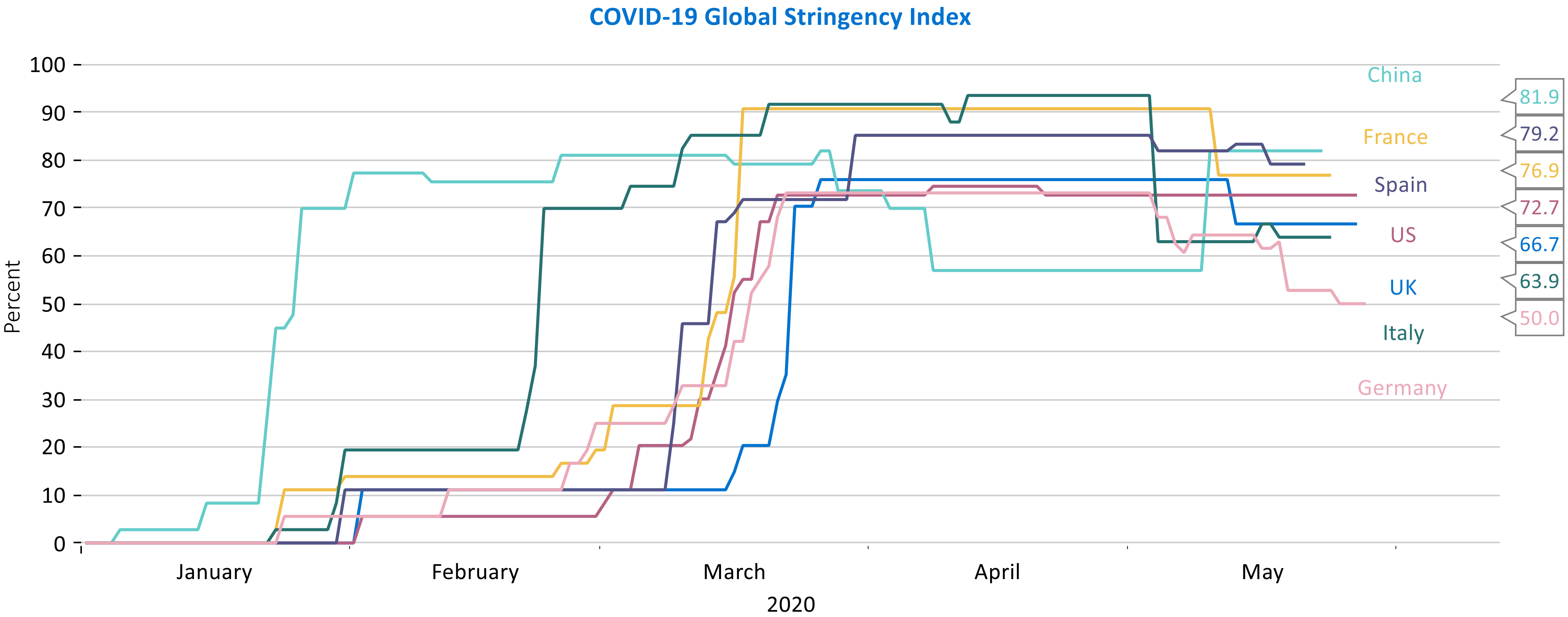
New cases of COVID-19 & number of days since 200 cases reported in one week



Source: Macrobond and Sarasin and Partners

Government restrictions are easing slowly

COVID-19 Government Response Tracker

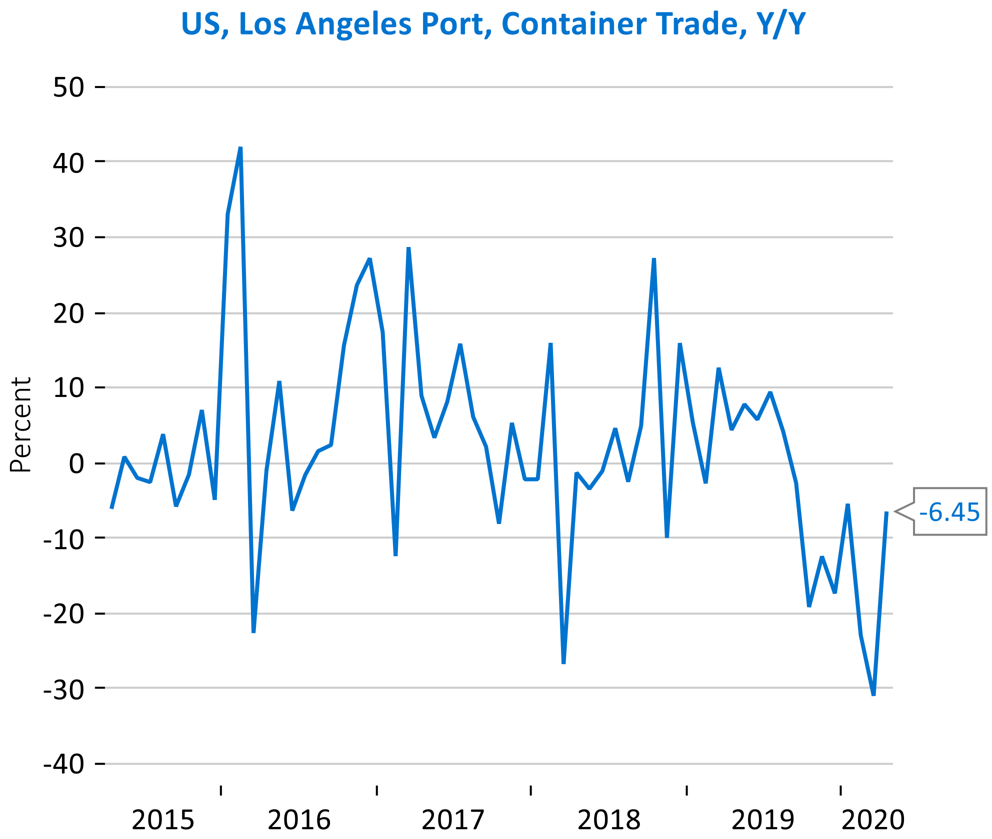


Source: Macrobond

The global Government Response Tracker records government responses worldwide and aggregates the scores into a common Stringency Index . Blavatnik School - University of Oxford.

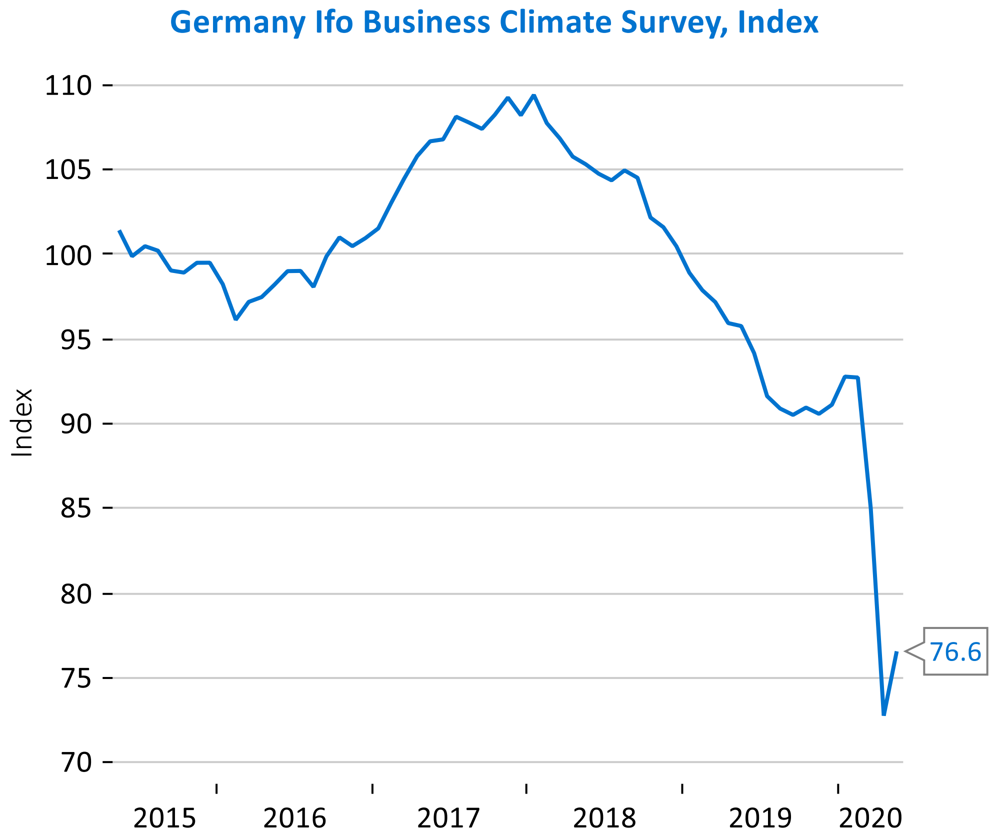
Triggering a *very* tentative economic recovery?

US trade with Asia starting to stabilise



Source: Macrobond

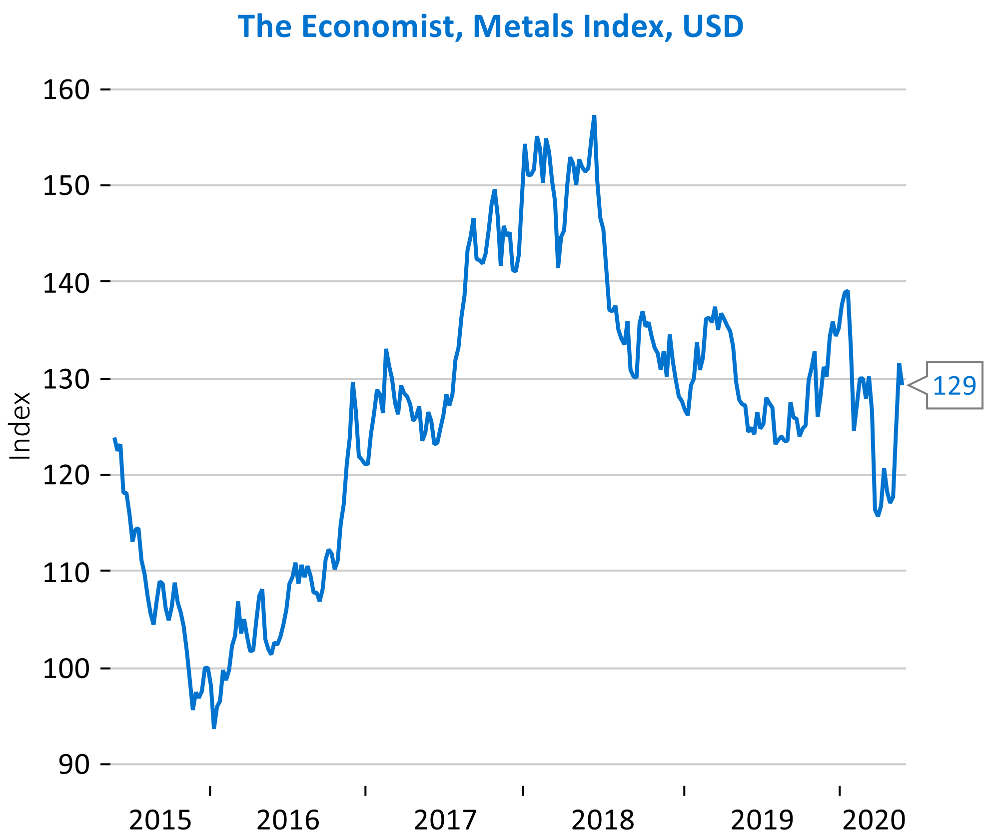
Sentiment has "recovered somewhat" - Ifo Institute



Source: Macrobond

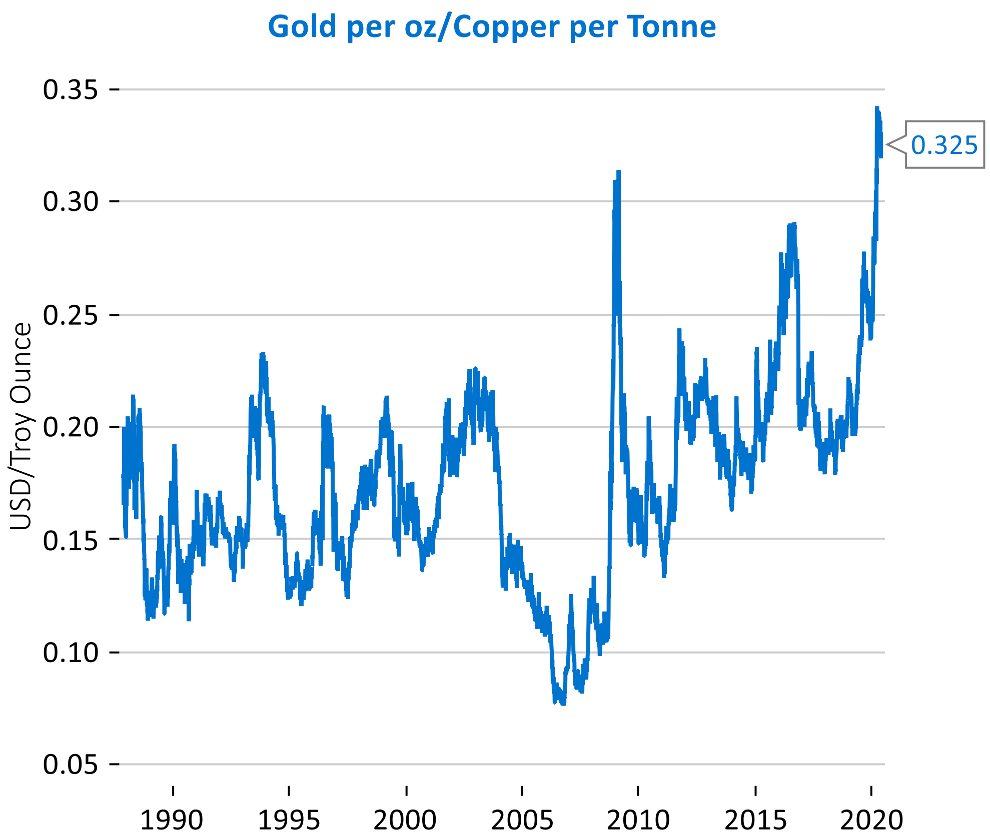
Industrial metal prices starting to recover…

Metal prices are bouncing…



Source: Macrobond

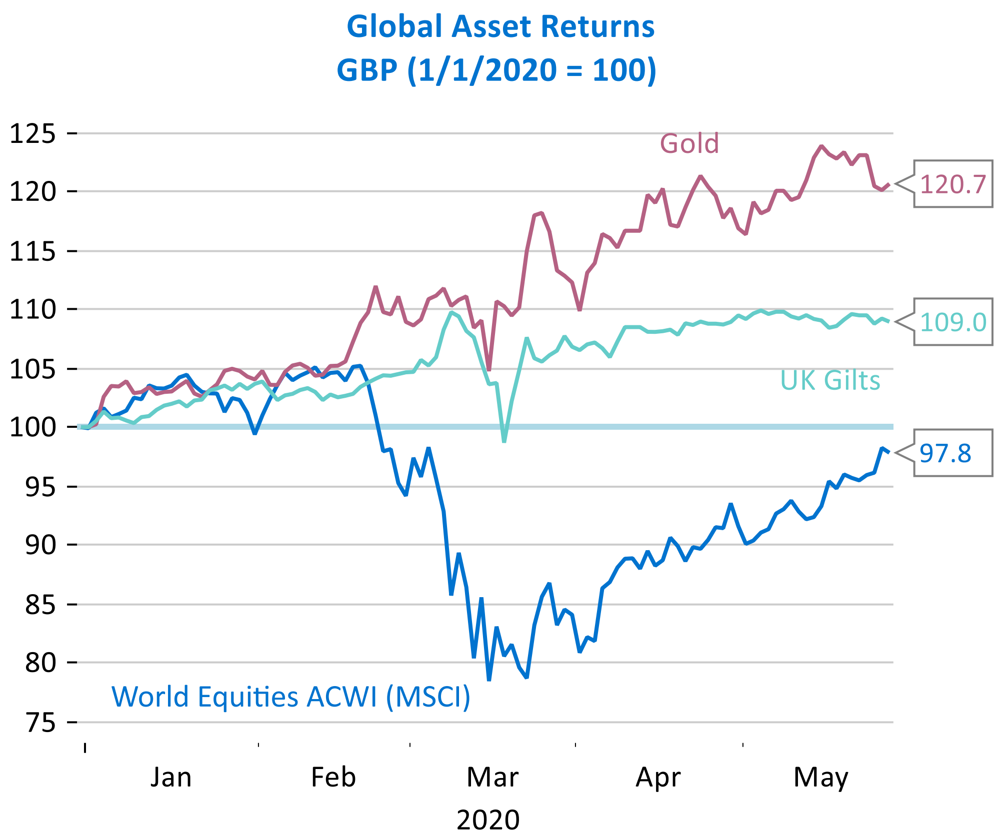
Gold/Copper Price



Source: Macrobond

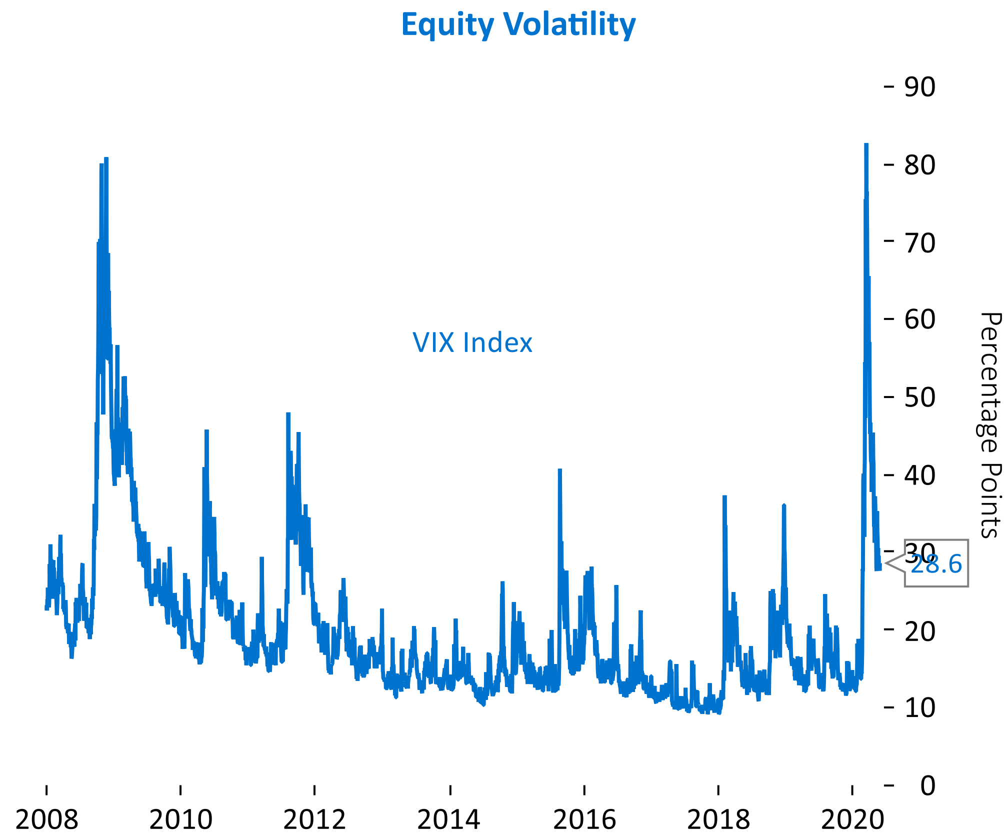
The global equity recovery continues…

Global equities rally from March 23 lows…



Source: Macrobond

Action by central banks has dampened volatility



Source: Macrobond

Real progress on the "Next Generation EU" - €750bn recovery plan

Ursula von der Leyen

1. **Size and composition:** €750bn (5.4% EU GDP) composed of €500bn Grants + €250bn Loans.
   Together with EU budget (€1.1trn) + €540bn other initiatives = Total € 2.4trillion

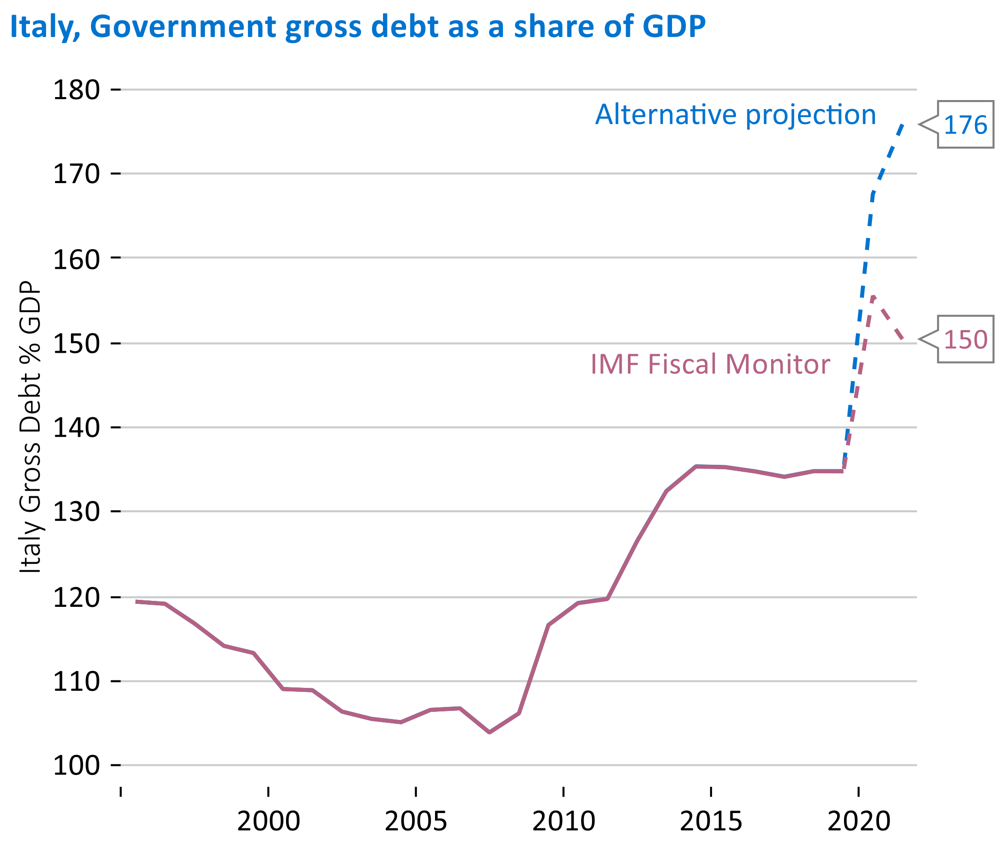
2. **Funded:** New debt issued in financial markets 2028-2058 + budget increase

3. **Disbursed:** from Jan 2021, according to size of economy, population, severity of GDP damage/youth unemployment

4. **Repayment of bonds:** new taxes including carbon, plastics, new digital taxes, nonrecyclable plastics, etc

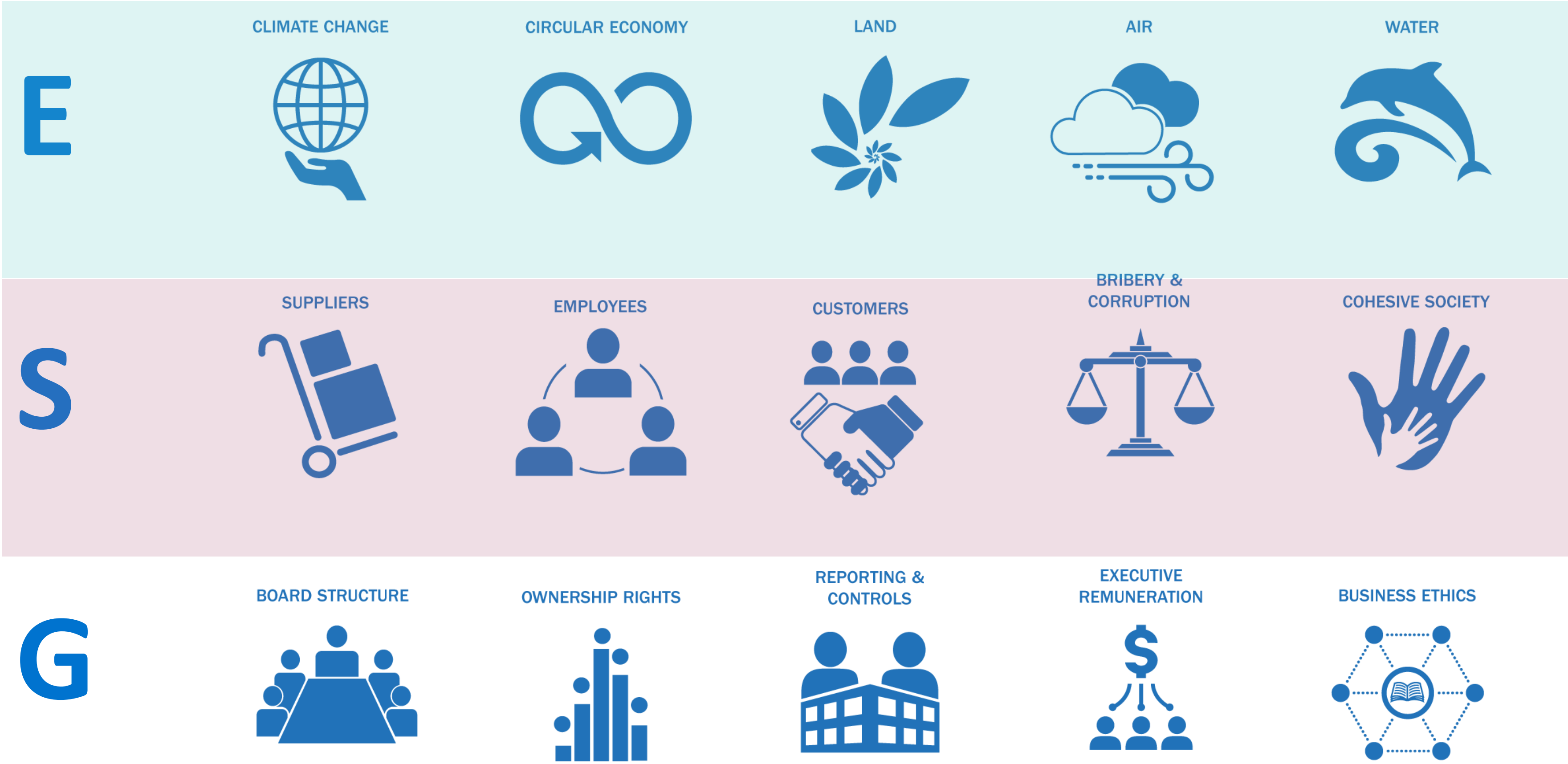
"The European Green Deal is our growth strategy"

Projections - Italy gross debt as a share of GDP



Source: Macrobond

ESG analysis is now even more important



During and after COVID-19 we urge the business community & the companies we invest in to take what steps they can & to consider the following in particular: ***Provide paid leave, Prioritise health and safety, Maintain employment, Maintain supplier & customer relationships, Financial prudence***

A recent UK Government survey found that over 70% of people want their investments to avoid harm*

- **74%** of those with investable assets over £25,000 say they **are interested in making a sustainable investment** now or in the future
- **77% say that they would tick a box to indicate they would like their investment to be sustainable** if given the choice to do so
- However, **only 13% say that they currently hold a sustainable investment**

- ***Reform of MIFID II will require financial advisers to ask about sustainability preferences***


SEPTEMBER 2019

INVESTING IN A BETTER WORLD:

Understanding the UK public's demand for opportunities to invest in the Sustainable Development Goals

HM Government

UKaid

*Before Covid, in September 2019, the UK Government (DFID) surveyed 6,000 people in the UK and found that most want to invest sustainably

Supporting Recovery - Five policies with high economic multipliers & strong climate metrics:

Clean physical infrastructure

- Renewable energy assets, storage (including hydrogen), grid modernization and CCS

Building efficiency retrofits

- Improved insulation and heating, domestic energy storage systems

Investment in education and training

Natural capital investment

- Ecosystem resilience and regeneration including restoration of carbon rich habitats and climate friendly agriculture

Clean R&D

What can COVID-19 can teach us about climate?

INVESTORS SHOULD ASK IF CARBON PROMISES ARE JUST HOT AIR

BACK TO OUR LATEST THINKING

Natasha Landell-Mills, CFA

19 May 2020

SHARE

3 MINS

Published in the FT, 18 May 2020.

Pledges by oil majors to protect the planet often clash with capital spending plans

Total just came in from the cold. This month the French oil major announced plans to get to net-zero carbon dioxide emissions by 2050, thus joining other European oil and gas companies that are promising to wind down their fossil-fuel businesses to tackle climate change.

This ambition by one of the world's largest energy producers is to be applauded. But a sceptic might be forgiven for asking whether this apparent enthusiasm to protect the planet can be consistent with continued multibillion-dollar investments into fossil fuels.

On closer inspection, while Total has promised to get to net zero for its direct emissions, the company's ambition applies only to sales in Europe — which covers just over half its total emissions. If you add back other global activities, the true "ambition" is a 60 per cent reduction in carbon intensity by 2050.

Needless to say, that is not net zero. In fact, Total's absolute carbon emissions could potentially rise, even if intensity — carbon emissions per unit of sales — were to fall. This would be achieved by selling more clean energies such as renewables. That is, of course, welcome, but it is not enough to confront the climate crisis. To halt global warming we must stop, not just slow, our greenhouse gas emissions.

Total's ambition follows BP and Shell, both of which recently proclaimed their intention to become net-zero businesses by 2050 in line with the global Paris agreement. Again, these aspirations are a good thing, and offer evidence that engagement by members of Climate Action 100+, a coalition of investors committed to promoting alignment with the Paris goals, is having an impact.

But just like Total, both statements should be subject to closer inspection. BP leaves out the rising proportion of its oil and gas business that it trades, rather than produces. It seems that where the company is an intermediary for oil and gas deals, it can turn a blind eye to these emissions.

1. Governments can act fast in reaction to a common threat
2. Public support is crucial
3. Business plays a key role
4. We must act today and not tomorrow

Read the article

Important information

If you are a private investor, you should not act or rely on this document but should contact your professional adviser

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Please note that the prices of shares and the income from them can fall as well as rise and you may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. **Past performance is not a guide to future returns and may not be repeated.**

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