

# **SARASIN MODEL PORTFOLIOS**

PRESERVING AND GROWING THE REAL VALUE OF YOUR  
CLIENTS' INVESTMENTS OVER TIME

Q2 2020

For investment professionals only and should not be relied upon by private investors.



# A COMPELLING SOLUTION FOR YOU AND YOUR CLIENTS

The models are built around a single core commitment: to preserve and grow the real value of your clients' investments over time.



Five highly-diversified portfolios to meet a range of client risk profiles



Designed to preserve and grow the real value of clients' investments over time



Provide access to Sarasin and 'best-of-breed' funds from across the market



A unique investment approach: high-conviction, thematic and global



Managed by pioneers in multi-asset investing



A partner you can trust with no competing IFA arm

## A SERVICE SPECIFICALLY DESIGNED FOR ADVISERS AND THEIR CLIENTS

We recognise that advisers are looking for ways to deliver best-in-class asset allocation solutions for their clients. That's why we developed the Sarasin Model Portfolios, five highly-diversified portfolios to meet a range of client risk profiles. They offer an all-in-one solution to asset allocation, fund selection and risk management, within a cost-effective service that provides value for money for your clients.

## ROBUST PORTFOLIOS MANAGED BY PIONEERS IN MULTI-ASSET INVESTING

The models are built around a single core commitment: to preserve the real value of your clients' investments over time. Returns are generated through Sarasin's renowned thematic funds at the core of each portfolio complemented by 'best-of-breed' active managers and passive solutions from across the market. To ensure they stay in line with your clients' attitude to risk over time, each portfolio is managed within a clearly defined risk budget. The portfolios are managed by our experienced Sarasin Model Portfolio Service team, who enjoy the support of an organisation that's been at the forefront of multi-asset investing for 30 years. The service is highly commended by Defaqto and has been awarded a five-star rating.





# A DISTINCTIVE INVESTMENT PHILOSOPHY

Our investment process sets us apart from the competition. In addition to our responsible stewardship approach, it is built on the following pillars:

- 1 THEMATIC**  
Our philosophy is to identify powerful and inexorable global trends that are shaping tomorrow's world. We then target investments that can give meaningful exposure to these themes over the long term (five years or longer).
- 2 GLOBAL**  
We invest with a global view, seeking out the world's best investment opportunities regardless of geographic location. We typically invest in multinational corporations with global supply chains and worldwide customers.
- 3 LONG TERM**  
Our long-term vision underpins our entire investment process. It is the starting point for all of our investment strategies, and the real driving force behind our pioneering global thematic investment process.

## BACKED BY A DIVERSE, WELL-RESOURCED TEAM

Our experienced 89-strong investment team stretches from global analysts to economists and risk experts, all sharing knowledge and ideas on a daily basis. This team-based approach, combined with our responsible principles, ensures dynamic portfolios with high conviction at their core. Pioneers in multi-asset investing

With one of the longest track records of multi-asset investing in the UK, we excel in creating diversified solutions for our clients. We launched our first multi-asset portfolio in 1988. We employ a dynamic asset allocation process, drawing upon the full range of asset classes to create solutions tailored to the needs and risk tolerances of our clients.

## PIONEERS IN MULTI-ASSET INVESTING

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## AN INVESTMENT PARTNER YOU CAN TRUST

Sarasin & Partners LLP is a London-based asset management group that manages £12.9 billion<sup>1</sup> for a wide range of clients. These include intermediaries, charities, institutions, pension funds and private clients, from the UK and around the world. Established in 1983, we currently employ 217 people, including 89 investment professionals<sup>2</sup>.

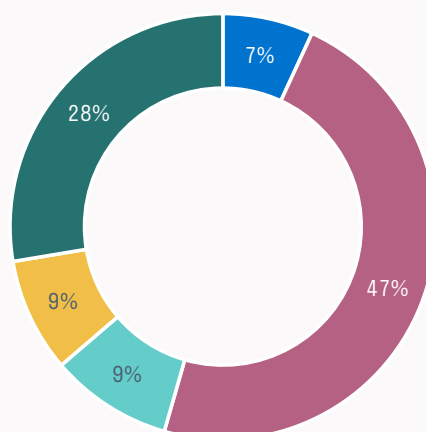
We operate as a partnership, with local management owning 45% of the equity of the firm. The remainder is owned by Bank J Safra Sarasin, a leading Swiss private bank founded in 1841. They themselves are responsible for managing over £144 billion of assets<sup>3</sup>.

We are completely dedicated to investment management and have no IFA arm – we fully respect the relationship between you and your clients.

## SERVING A DIVERSE RANGE OF CLIENTS

Ever since Sarasin & Partners was founded, we have focused on developing long-term relationships with a broad array of clients. We are particularly proud of the fact that over 400 charitable clients across the UK trust us to manage money on their behalf.

## CLIENT BASE AUM



\*As at 31.03.20

■ BJSS ■ Charities ■ Institutional ■ Third Party Distribution ■ Private Clients

<sup>1</sup>Source: Sarasin & Partners LLP as at 31.03.20 (updated quarterly)

<sup>2</sup>Source: Sarasin & Partners LLP as at 31.03.20 (updated quarterly)

<sup>3</sup>Source: Bank J Safra Sarasin as at 31.12.19 (updated annually); exchange rate used CHF:GBP = 1.2828

<sup>4</sup>Where we manage regulated funds for third parties these are categorised under third party

# PASSIONATE ABOUT RESPONSIBLE STEWARDSHIP

At Sarasin & Partners, we consider ourselves stewards of our clients' assets. We therefore take a responsible ownership approach to investment – we believe this ultimately delivers stronger risk-adjusted returns.

Environmental, Social and Governance analysis is integral to our investment process and approach to fundamental analysis and we look beyond financial performance to consider environmental, social and governance factors.

We actively engage with the companies we invest in and we are long term in our approach to investment; we look for businesses that will create enduring value for our clients; and we aim to own – as opposed to trade – these companies.

We seek out and support exceptional executive teams, but hold them to account where we have concerns.

We are not preoccupied with short-term market movements, but look at underlying financial performance and its sustainability.

## TAKING A LONG-TERM VIEW IN OUR INVESTMENT PROCESS

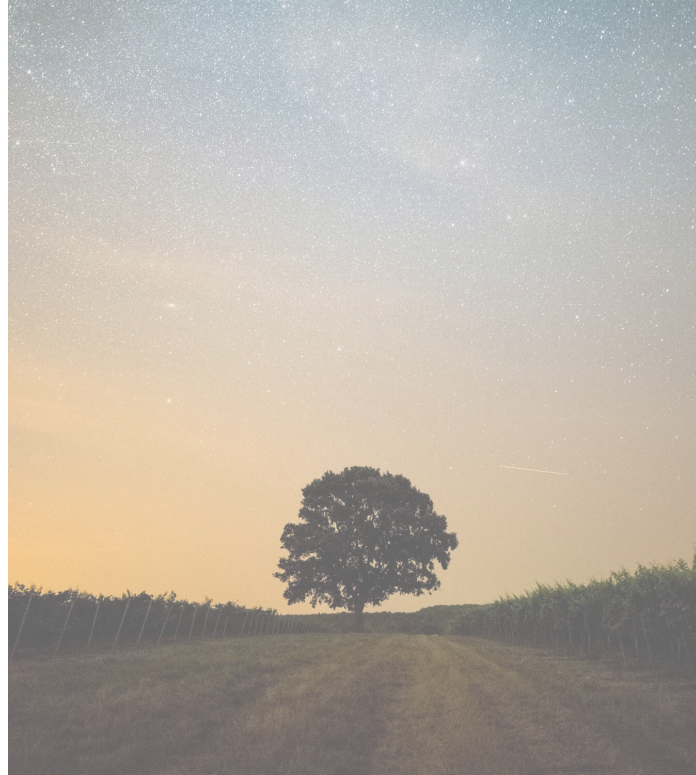
As long-term investors we believe it is critical to take a holistic view of the underlying financial performance of a company and its sustainability: as we look a decade ahead, the impact of a company on the environment and society matters in our evaluation of its investment prospects. We also consider very carefully the potential impact of a wide variety of trends ranging from climate change to labour conditions and resource scarcity as an integral part of our thematic investment approach.

## ACTIVE ENGAGEMENT WITH COMPANIES AND THIRD PARTY FUND MANAGERS

Investors in companies have an important shared responsibility in holding the board and company executives to account for the performance of the business. On behalf of our clients we closely monitor investee companies and engage with management on issues of concern relating to corporate governance, capital structure and strategy. We carefully vote on matters put to shareholders. Poor governance can adversely affect the returns for investors and – equally – good stewardship can lead to better returns.

Within third party fund selection, we invest in managers based on our confidence in their ability to deliver their investment objectives, along with their approach to responsible stewardship.

As part of our due diligence and ongoing monitoring, we will review their integration of the principles and practices of responsible stewardship. This includes an evaluation of their ESG policies and governance of potential managers, identifying how they integrate ESG factors into their investment decisions, and how they engage with company boards.



We ask managers to communicate their approach to responsible stewardship and how ESG factors impact on investment analysis and decision-making processes.

Examples of third-party fund manager questions include;

*'Do you engage with company boards on areas of concern in general (strategy; capital allocation; governance; labour treatment; climate risks; etc.)?'*

*'Can you provide your voting policy, and recent voting records for the stocks held?'*

*'Board remuneration: quantum; split between salary & performance related pay; minimum shareholding requirement; metrics for performance related pay & period over which measured; deferral; post-departure shareholding requirement'*

## NOT ALL PASSIVE MANAGERS ARE CREATED EQUAL

Our approach to responsible stewardship extends beyond companies and third-party fund managers as not all passive funds and passive fund managers are alike. Our due diligence covers a number of areas, including:











- Company structure and governance
- Fund structure
- Securities lending policy
- Tracking techniques
- Costs and transparency
- Risk management

## POLICY OUTREACH

Responsible stewardship does not stop with our stock selection and engagement activities. Where we believe we can play a positive role in shaping markets and regulation in a way that contributes to boosting sustainable economic growth, we will engage in policy outreach. We undertake much of our policy work in collaboration with other investors.

# MANAGED SOLUTIONS MATCHED TO YOUR CLIENTS' NEEDS

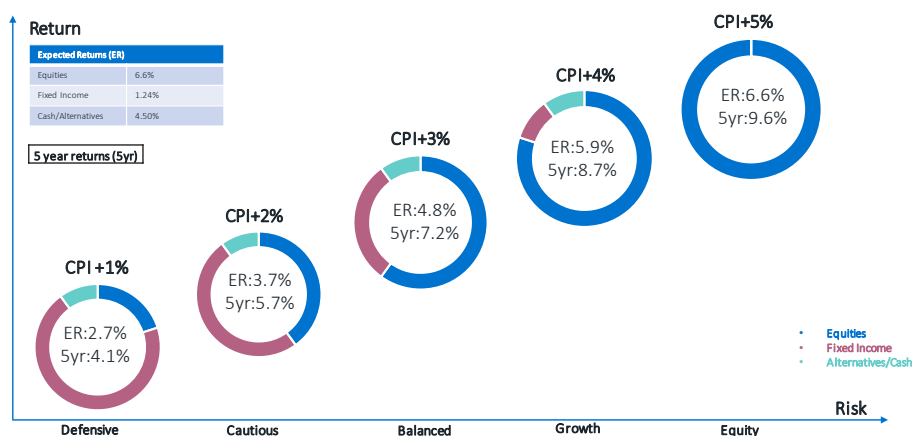
The Sarasin Model Portfolio service provides access to five thematic multi-asset portfolios differing in their equity weighting and target-return profile. They offer you and your clients an all-in-one solution to asset allocation, fund selection and risk management, at a highly-competitive price of just 0.30% including VAT.

Strategy (Equity neutral)	20%	40%	60%	80%	100%
Model Portfolios	<b>Defensive</b>	<b>Cautious</b>	<b>Balanced</b>	<b>Growth</b>	<b>Equity</b>
Target return	<b>CPI +1.0%</b>	<b>CPI +2.0%</b>	<b>CPI +3.0%</b>	<b>CPI +4.0%</b>	<b>CPI +5.0%</b>
DT Ratings					
Defaqto Risk Ratings					
DFM Fee (Incl. VAT) +	0.30%	0.30%	0.30%	0.30%	0.30%
Weighted cost of underlying positions +	0.28%	0.35%	0.40%	0.46%	0.46%
Transaction costs	0.15%	0.15%	0.14%	0.12%	0.08%
<b>= Total Portfolio OCF</b>	<b>0.73%</b>	<b>0.80%</b>	<b>0.84%</b>	<b>0.88%</b>	<b>0.84%</b>

Source: FE (Quarterly) as at 31.03.20 Please note that the risk rating range will restrict the overall risk profile of your portfolio, but not the risk rating of individual securities held within it. Your portfolio may include investments from the full spectrum of asset types.

## LONG TERM STRATEGIC ASSET ALLOCATION

Each portfolio holds Sarasin funds at the core, providing access to our successful global thematic approach to investing. These are complemented by 'best-of-breed' active funds and low-cost passive solutions selected from across the market. The asset allocation varies by model and each portfolio has a specific long-term return target, which is dependent on the level of risk the client is prepared to take.



Source: FE Analytics, 5 year annualised performance, to 31 December 2019 Sarasin & Partners, forecast expected returns (ER), to 30th September 2019. **Please note that there are no guarantees that the expected returns will be achieved**

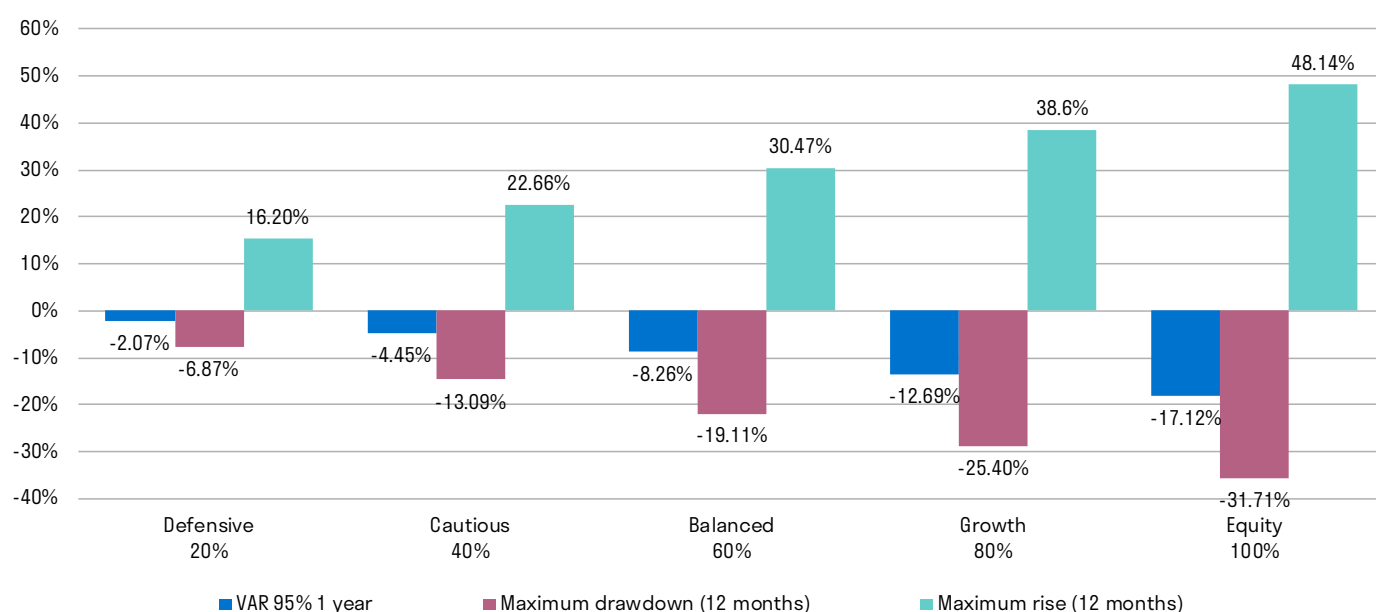
# UNDERSTANDING RISK AND RETURN

“A simple and illustrative way  
for IFAs to communicate risk to  
their clients”

## EXPLAINING VALUE AT RISK FOR OUR RANGE OF MODEL PORTFOLIOS

Our independently risk-profiled portfolios make it easier to match your clients' attitudes to risk to the appropriate model portfolio. The chart shows the maximum upside and downside of each portfolio's benchmark since the year 2000.

## OUR MPS PERFORMANCE DATA (GBP)



Source: Sarasin & Partners LLP, February 2020

This is the observed maximum gain in the performance of the indices in each composite benchmark over any one 12 month period between 1st January 2000 and 31st December 2019. The chart above illustrates the relationship between the historic returns of each of our five portfolio models. The returns are based on the combination of returns from each index that makes up the underlying composite benchmark. Please note that despite our best endeavours, there is no guarantee that the management of your portfolio will match or exceed the returns of your benchmark.

VaR is the statistical measure of 'minimum' anticipated loss over a given period. Our calculations are based on historical observations between 1st January 2000 and 31st December 2019. For example, a 95% 1 year VaR of -8.26% (as in Balanced Option 3) means that you could expect to lose at least 8.26% 1 in 20 years (5% of the time). For a portfolio of £1,000,000 using the same data you should expect to lose at least £82,600 once in 20 years.

# A ROBUST PROCESS DESIGNED TO DELIVER OVER THE LONG-TERM

The tried and tested investment methodology for the Sarasin Model Portfolios follows a rigorous path. This approach results in high-conviction portfolios which reflect our unique investment philosophy – thematic, global and long term – and draws upon our extensive experience in multi-asset investing.



## 1 STRATEGIC ASSET ALLOCATION

Each portfolio is built around carefully modelled allocations to a range of different assets which can deliver the return target over a rolling five-year period. The neutral allocation to equities for each portfolio is shown in the table opposite.

Our Investment Strategy Group drive the selection of asset classes in our strategic benchmarks and define the long-term strategy that will influence asset allocation of the portfolios.

## 2 TACTICAL ASSET ALLOCATION

Each portfolio has the flexibility to tactically adjust asset allocation based on our views and the prevailing market conditions. Each model has a strict risk budget and so any tactical decisions will never expose clients to undue risk. Policy is set at the quarterly Investment Policy Committee meeting. This committee includes the heads of each asset class team, alternative assets specialists and multi-asset fund managers. These shorter-term views (less than five years) are typically expressed through tracker funds to keep costs low.

## 3 INSTRUMENT SELECTION PROCESS

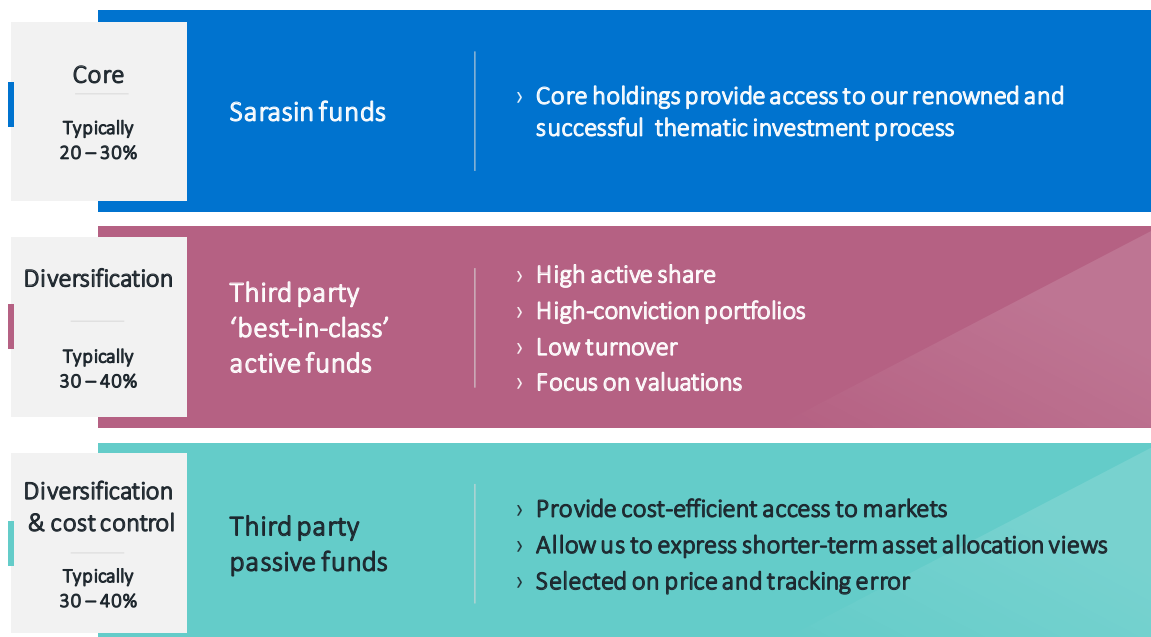
Our experienced Model Portfolio Service team are responsible for selecting the funds to reflect the agreed asset allocation for each portfolio. Sarasin funds will form the core of each model, providing access to our renowned global thematic approach. The team conduct in-depth quantitative and qualitative research to identify 'best-in-class' active funds and passive solutions from across the market to complement the core holdings.

## 4 ONGOING REVIEW

The portfolios are constantly monitored to ensure that they remain in-tune with their designated risk/reward profile and reflect our views on asset allocation and the underlying fund holdings. This includes regular rebalancing of the portfolios to reflect market movements over time.

Managed by a highly experienced multi-asset team and backed by outstanding levels of service




## INSTRUMENT SELECTION PROCESS



## BACKED BY AN EXPERIENCED, WELL-RESOURCED TEAM

The Sarasin Model Portfolios draw upon a wealth of investment expertise. The team has vast experience in areas such as macroeconomic analysis, asset allocation, fund analysis and portfolio construction as well as multi-asset investing and risk management.

### Model Portfolio Service team

Lucy Walker	Adil Alaoui	Ben Gilbert	Key individuals from the investment team			
			<b>Guy Monson</b> Senior Partner & CIO Over 30 years' exp.	<b>Henry Boucher</b> Partner & Deputy CIO Over 30 years' exp.	<b>Jeremy Thomas</b> Head of Global Equities Over 20 years' exp.	<b>Subitha Subramaniam</b> Chief Economist & Head of Asset Mgt. Over 20 years' exp.
Head of Third Party Funds & Fund Manager	Third Party Fund Manager	Model Portfolio Manager		<b>Phil Collins</b> Head of Multi-Asset Over 30 years' exp.	<b>Anthony Carter</b> Fixed Income Co-Manager Over 10 years' exp.	<b>Mark van Moorsel</b> Fixed Income Co-Manager Over 17 years' exp.

### Generating ideas from specialist teams

Macro	Global Equities	Fixed Income	Stewardship	Real Estate	Risk
Head Economist 2 Economists	Head of Global Equities 7 Analysts	2 x Co-Head of Fixed Income 2 Analysts	Head of Stewardship 4 Analysts	Portfolio Manager BJSS REIT Team 1 Analyst	Risk Team 3 Analysts



# DELIVERING EXCEPTIONAL ADVISER SERVICE

Providing first-class support to financial advisers is at the very heart of the Sarasin Model Portfolio service. This includes offering access to a dedicated business development team and a direct line to our Sales Support desk, who can help you with all your questions on the service.

We are also able to provide you with market-leading levels of transparency through our award-winning reporting service. In fact, we have been consistent winners at the Private Asset Managers (PAM) Awards since 1999 for categories such as Quality of Reporting, Overall Service Quality, and Investment Performance.

Consolidated valuations can be provided quarterly or half-yearly and allow you and your clients to review their portfolios with confidence.

## DEDICATED SALES MATERIALS AND COMMUNICATIONS

To help you in your conversations with your clients, we provide user-friendly brochures that explain the aims and benefits of the service in simple terms. We also produce regular factsheets and market communications so that you can keep track of the progress of all five portfolios.

## HERE TO SUPPORT YOU



**Christopher Cade**

**Head of UK Sales**  
Northern HC/East  
Midlands/East Anglia



**Philip Berry**

**Senior Regional  
Sales Manager**  
North



**William Colville**

**Investment Sales  
Manager**  
London & South West



**Zoe Cossins**

**Senior Regional Sales  
Manager**  
London & South East



**John Pringle**

**Sales Director**  
North



**Iestyn  
Richards-Rees**

**Regional Sales  
Manager**  
Wales/West Midlands



**Caroline Bond**

**Distribution  
Support**

# AVAILABLE THROUGH A WIDE RANGE OF PLATFORMS



## IMPORTANT INFORMATION

**This document is for investment professionals only and should not be relied upon by private investors.**

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The investments of the Model Portfolios are subject to normal market fluctuations. **The value of the investments of the Model Portfolios and the income from them can fall as well as rise and investors may not get back the amount 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 guide to future returns and may not be repeated.**

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To find out more about how the  
Sarasin Model Portfolios could help  
your clients or request client-facing  
sales materials, please contact us  
directly on:

T +44 (0)20 7038 7037

E [sales@sarasin.co.uk](mailto:sales@sarasin.co.uk)

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