SARASIN IE MULTI ASSET - STRATEGIC FUND

SARASIN & PARTNERS

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ECONOMIC REVIEW

Markets have been fuelled by anticipation of interest rate cuts although resilient macroeconomic data in the US keeps investors uncertain on the timing of central bank action. Shares, bond yields, the US dollar and gold all rallied over the quarter.

Bond prices fell and yields rose as the number of expected interest rate cuts declined and credit spreads tightened.

Stock market returns broadened with US markets reaching all-time highs, but semiconductor-related stocks were the standout performers. Highlights included reassuring earnings reports from technology companies and continued confidence in artificial intelligence (AI).

Gold performed well, but alternative investments such as infrastructure had a mixed quarter.

Geopolitical tensions remain, although they are not currently having a serious impact on markets.

FUND REVIEW

Our holding in the technology company Nvidia was again a significant driver of portfolio returns. A company earnings report showed continued AI-related demand for its semiconductor products and excellent pricing power.

Meta, formerly Facebook, also had strong results and reaffirmed the view that it will benefit significantly from increasing use of AI, together with improvements from recent cost cutting.

By contrast, Equinor, an energy company, was weak given continuing pressure on oil and gas prices. The fund has low overall exposure to energy companies.

Hong Kong-based insurer AIA continued its recent run of weaker performance, in line with other shares exposed to China's uncertain economic growth.

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FUND TRANSACTIONS

We started a position in Fortinet, the cyber security technology company. It is well positioned to benefit from the increased need for cybersecurity as activity continues to move online.

We also added to our holding in Partners Group. As a prominent private equity company, it should benefit as interest rates fall.

We sold our position in China-based technology company Tencent, given continued challenges in the Chinese economy and regulatory threats to the company's business.

We also sold our position in HDFC, one of India's largest private lenders. A recent merger is taking time to embed and prospects for medium-term earnings are uncertain.

OUTLOOK

Expectations are growing for a soft economic landing, where inflation drops to central bank target levels without triggering a recession. We expect central banks to cut interest rates during the second half of the year. However, stock markets could be adversely affected by geopolitical tensions and the US presidential election.

We therefore favour higher-quality shares that provide a degree of stability to the fund and continue to hold gold as a precaution against any upsets in financial markets.

We are optimistic about the prospects for returns as financial conditions improve. Bonds (particularly from UK companies with healthy balance sheets) offer good value relative to other assets, and dividend-paying companies could offer investors attractive returns in 2024. In addition, demand is rising for climate change stocks, where we are focusing on companies involved in sustainability.

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IMPORTANT INFORMATION

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The value of investments and any income derived 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 reliable indicator of future results and may not be repeated. Forecasts are not a reliable indicator of future performance.

There is no minimum investment period, though we would recommend that you view your investment as a medium to long term one (i.e. 5 to 10 years).

Investments in the transferable securities of smaller companies may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Transferable securities in smaller companies may possess greater potential for capital appreciation, but also involve risks such as limited product lines, markets, financial or managerial resources, and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

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Frequent political and social unrest in Emerging Markets and the high inflation and interest rates this tends to encourage, may lead to sharp swings in foreign currency markets and stock markets. There is also an inherent risk in the smaller size of many Emerging Markets, especially since this means restricted liquidity. Further risks to consider are restrictions on foreigners making currency transactions or investments.

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The Fund may invest in derivatives for efficient portfolio management purposes. This means Derivatives can only be used to manage the Fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved and may create losses greater than the cost of the derivative.

The Fund may invest more than 35% in government or public securities issued by any single issuer listed in the Prospectus. Such exposure will be in line with the investment policy of the Fund and in pursuit of the Fund's objective. It is currently envisaged that the Fund's exposure to such securities may be to those issued by the UK government, although this may vary and include securities issued by other governments and public issuers listed in the Prospectus.

The Sarasin IE Multi Asset - Strategic Fund is registered and approved under Section 65 of the Collective investment Schemes Control Act 45 of 2002.

Collective Investment Schemes (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not a reliable indicator of future results. CIS are traded at the ruling price and may engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. There is no guarantee in respect of capital or returns in a portfolio. Performance has been calculated using net NAV to NAV numbers with income reinvested.

The Prospectus is available from Prescient Management Company (RF) (PTY) LTD, Tel: +27 21 700 3600. Prescient Management Company (RF) (PTY) LTD is registered and approved under the Collective Investment Schemes Control Act (No. 45 of 2022). Registration Number 2002/022560/07. Physical address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945, South Africa. Persons domiciled in the US and/or are US nationals are not permitted to hold shares in the Fund and shares may not be publicly sold, offered or issued to anyone residing in the US or to US nationals. This publication is intended for investors in South Africa only.

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