



BEN GILBERT
FUND MANAGER



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MANAGER

QUARTER HIGHLIGHTS

- Riskier assets, particularly equities, performed poorly during the quarter
- Government bond markets were also volatile due to escalating trade tensions
- Shares in European equities performed better than their US counterparts
- The Legal & General European Index Fund was the portfolios' top performer
- The Brown Advisory US Mid-Cap Growth Fund was the portfolios' largest detractor
- We added to our holding in the Sarasin Global Dividend Fund

MODEL PORTFOLIOS

QUARTERLY COMMENTARY Q1 2025

This document is intended for retail investors. You should not act or rely on this document but should contact your professional adviser.

ECONOMIC REVIEW

Inflation concerns resurfaced in the US during the first quarter. The Federal Reserve left interest rates unchanged and signalled plans for a slower pace of rate cuts. Riskier assets performed poorly. Concerns included US tariffs and the risk of stagflation – slow economic growth and high unemployment, alongside rising inflation. Large technology companies were particularly weak. In contrast, European stock markets had the largest quarterly outperformance against the US S&P 500 Index in a decade. This was helped by a shift in fiscal policy, particularly in Germany, where government proposals enabled higher defence spending and infrastructure investment.

Investor moves into less risky assets supported government bonds, particularly in the US, although European government bonds were weaker.

IN FOCUS

Sarasin Global Dividend Fund

Managed by Nikki Martin, the fund targets long-term growth, as well as an income premium of 15% to its benchmark of global stocks.

In the first quarter of the year, which proved to be a difficult time for US tech giants, the fund benefited from not holding shares in Tesla or Amazon – significant weightings in its benchmark. The fund has also been underweight Nvidia on concerns on the impact of trade tariffs on the company's supply chain. Holdings in Meta have also been trimmed in favour of an increased holding in Microsoft, which has been a relative laggard.

PORTFOLIO REVIEW

European equities performed better than their US counterparts during the period, benefiting from uncertainty caused by Donald Trump's trade policies and a drop in consumer confidence. Consequently, the portfolios' holdings in the Legal & General European Index Fund and the Vanguard FTSE UK Equity Index Fund contributed most to positive performance.

In contrast, the main detractors to the portfolios' performance were the holdings in the Brown Advisory US Mid Cap Growth Fund and the Fidelity US Index Fund.

PORTFOLIO TRANSACTIONS

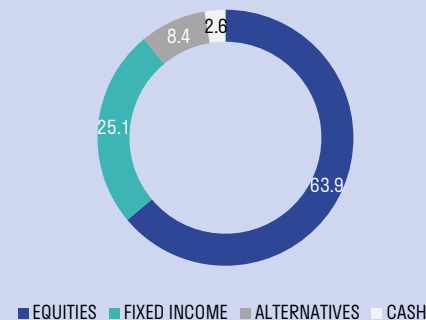
During the quarter, we added to our holding in the Sarasin Global Dividend Fund. The fund targets long-term growth while delivering an income premium to that of global equities.

We added to the Vanguard UK Government Bond Index Fund and reduced the Sarasin Responsible Corporate Bond Fund. We did this to bring down the portfolios' exposure to funds that invest in corporate credit as global growth is slowing.

We also reduced our holding in the Sarasin Thematic Global Equity Fund (GBP Hedged), seeking to bring down the portfolios' exposure to higher growth and technology companies.

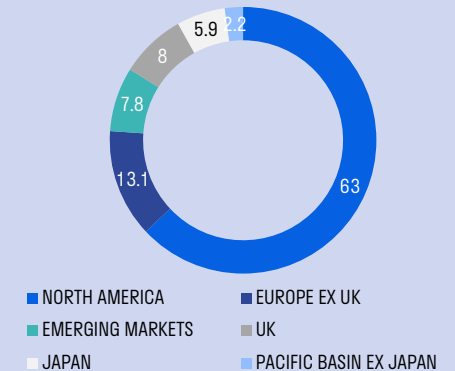
QUARTERLY OUTLOOK ►

MODEL PORTFOLIO ASSET ALLOCATION



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

GEOGRAPHIC ALLOCATION: EQUITIES



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

FIND OUT MORE ABOUT OUR MODEL PORTFOLIO SERVICE

The Sarasin Model Portfolios are five risk-rated multi-asset portfolios designed to grow the real value of your money over time.

Speak to your financial adviser to discuss whether our model portfolios are right for you.

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MODEL PORTFOLIOS

QUARTERLY COMMENTARY Q1 2025

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OUTLOOK

Global corporate earnings growth appears to be slowing. Core US inflation remains sticky, and with business and consumer confidence weakening, Make America Great Again policies could lead the US into a recession later in 2025. Global trade relations and regulations are likely to come under greater scrutiny.

We are taking an underweight view on equities, compared with our benchmark, on the expectation that companies could experience slower growth due to economic uncertainty. We are underweight government and corporate bonds as we feel they are currently not offering strong returns or adequate diversification. We aim to respond rapidly to a White House that is acting more aggressively and decisively than during Trump's first term.

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