SARASIN MULTI ASSET STRATEGIC FUND

SARASIN & PARTNERS

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

ECONOMIC AND FUND REVIEW

In August, greater attention was paid to the Covid-19 Delta variant, which has caused increasing cases in most of the developed world. Australia and New Zealand were the latest countries to reimpose restrictions as cases rose to their highest level since the start of the pandemic. Nevertheless, in areas where Covid-19 vaccination rates are high enough, there is still substantial evidence that vaccination prevents serious illness. The Federal Reserve maintained its dovish position and will not raise interest rates until maximum employment has been achieved. In this environment, equities continued to break record highs and bond yields stayed broadly range-bound.

Semiconductor manufacturer ASML was among the top contributors to returns in August, as it continued its run of strong performance against a backdrop of global supply issues in the semiconductor market. The business makes extreme ultraviolet (EUV) lithography machines that are essential in the production of high-performance semiconductors. Semiconductor manufacturers are raising capital expenditure to meet future demand. India-based bank HDFC also added value. Its share price has traded sideways for much of the year, with investors wary of investing in India due to difficulties with the Delta variant. However, with Covid-19 cases at an inflection point, it seems that the worst of the second wave is over and, as such, the share price has recovered during the past month.

Conversely, China-based Alibaba detracted due to recent regulatory activity, which has weighed heavily on the share price throughout 2021. With these regulations, the Chinese government has stated its aim of achieving 'common prosperity'. In the short term, this has meant targeting anti-competitive activities by large internet companies, as well as actions against certain companies and individuals. For the time being, we hold the shares in the expectation that the Chinese government is not actively looking to punish profitable private businesses. Other detractors included biotechnology firm Amgen, which saw its share price fall despite releasing better-than-expected results. Investors reacted to news that Amgen faces litigation proceedings brought by the Internal Revenue Service over transfer pricing from the US to Puerto Rico, which Amgen's management disputes. During the month, we added to the portfolio's holding, taking advantage of the stock's weakness. It remains a long-term, high-conviction position in the healthcare sector thanks to its superior data access, collection and processing.

We trimmed the portfolio's position in Denmark-based energy company Orsted. The stock has performed well in the past three months, and we decided to take some profits. We reinvested some of the proceeds from the sale into Amgen.

OUTLOOK

Although infection rates are rising in some parts of the world, mass vaccination rollouts mean that hopes of returning to normal are slowly being realised. And while this is undeniably positive news, there remains a significant challenge of deploying the vaccine globally and for economies and societies to reopen fully. In terms of infection rates, the impact of the more transmissible Delta variant – especially in those countries with low rates of vaccination – is being closely watched. There are signs that this variant is already moderating many analysts' growth expectations.

To revive economies, policy makers have drawn on their playbook from the 2008 Financial Crisis. Central banks have shifted towards a more dovish monetary policy globally, at least in rhetoric, potentially seeing lower rates for longer and a willingness to sustain higher inflation. Trillions in fiscal stimulus have also been pledged, targeting societal inequality with 'levelling up' policies, and industry stimulus such as US President Joe Biden's proposed infrastructure package and the UK's 'Green Budget'. Crucially, governments' mentality towards debt has shifted, meaning we're unlikely to see a return to the austerity that followed the 2008 crisis.

We expect trends that have accelerated due to the pandemic – such as e-commerce and working from home – are here to stay. Opportunities will be driven by the shift to a more digital world, automation, climate change mitigation and adaptation. There are also long-term demographic trends and shifts in consumption patterns, in the emerging and the developed markets.

Beyond the pandemic, there are other challenges we monitor. Rising inequality is our greatest worry and the consequences of the virus disproportionately affecting lower skilled, lower income populations. Global supply chains are being tested: already fragile and now facing pressure from accelerating global demand, reshoring production and strategic supply nationalism.

Despite the challenges, we remain positive on the prospects for a recovery in the remainder of 2021 and beyond, supported by international vaccination efforts. Ultimately, the reaction function of central banks to inflation and economic data is likely to be the defining factor for asset markets over the next 12 months.

SARASIN
& PARTNERS

IMPORTANT INFORMATION

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

This promotion has been approved by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England & Wales with registered number OC329859 which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111.

The investments of the fund are subject to normal market fluctuations. The value of the investments of the fund 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.

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). 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 bear in mind are restrictions on foreigners making currency transactions or investments. For efficient portfolio management the Fund may invest in derivatives. The value of these investments may fluctuate significantly, but the overall intention of the use of derivative techniques is to reduce volatility of returns.

All details in this document are provided for marketing and information purposes only and should not be misinterpreted as investment advice or taxation advice. This document is not an offer or recommendation to buy or sell shares in the fund. You should not act or rely on this document but should seek independent advice and verification in relation to its contents. Neither Sarasin & Partners LLP nor any other member of the Bank J. Safra Sarasin group accepts any liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The views expressed in this document are those of Sarasin & Partners LLP and these are subject to change without notice.

This document does not explain all the risks involved in investing in the fund and therefore you should ensure that you read the prospectus and the Key Investor Information document which contain further information including the applicable risk warnings. The prospectus, the Key Investor Information document as well as the annual and semi-annual reports are available free of charge from www.sarasinandpartners.com or from Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, Telephone +44 (0)20 7038 7000, Telefax +44 (0)20 7038 6850. Telephone calls may be recorded.

Where the data in this document comes partially from third party sources the accuracy, completeness or correctness of the information contained in this publication is not guaranteed, and third-party data is provided without any warranties of any kind. Sarasin & Partners LLP shall have no liability in connection with third party data.

Persons who are domiciled in the USA 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 USA or to US nationals. This publication is intended for investors in the United Kingdom.

© 2021 Sarasin & Partners LLP – all rights reserved. This document can only be distributed or reproduced with permission from Sarasin & Partners LLP. Please contact marketing@sarasin.co.uk.

SARASIN & PARTNERS LLP

Juxon House, 100 St. Paul's Churchyard
London EC4M 8BU

T +44 (0)20 7038 7037
www.sarasinandpartners.com