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Spring Seminars 2023

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NAVIGATING THE NEW REGIME:

The global economic
landscape and its implication
for asset classes



JAMES HUTTON

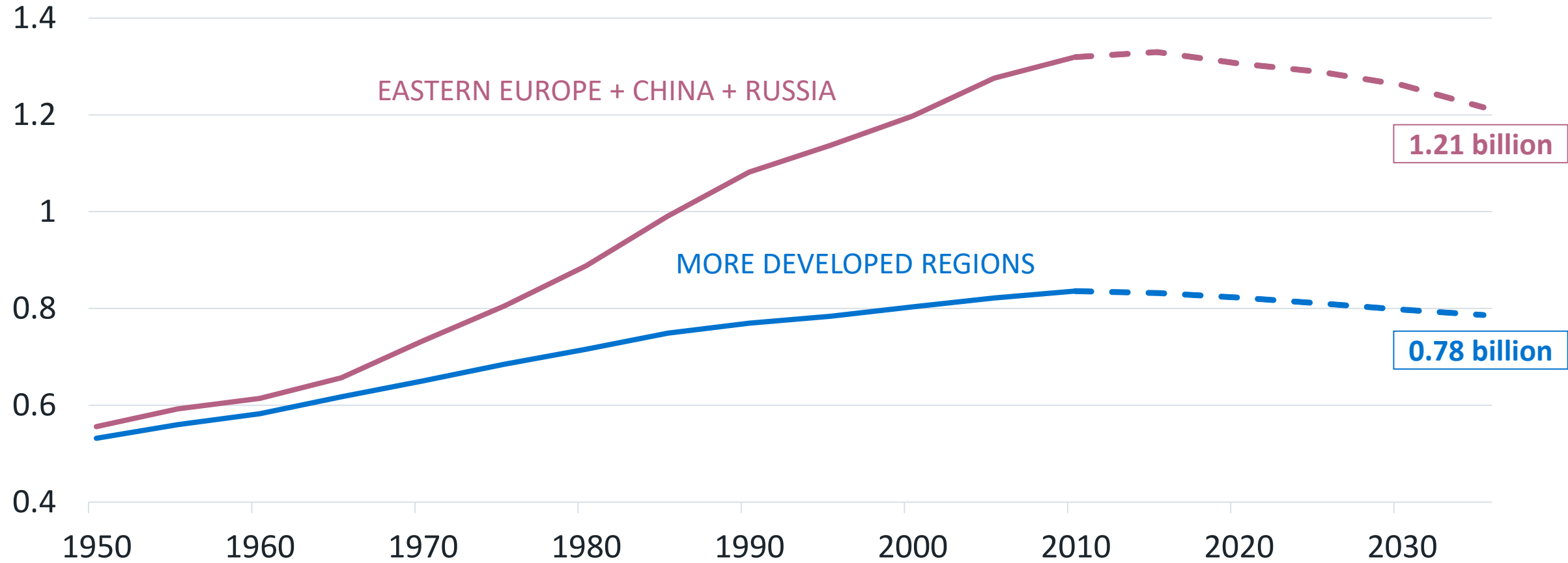


TANIA MCLUCKIE

Demographics: The global labour supply glut is set to fade

Supply of global labour has almost doubled

Population billions



Source: Macrobond, March 2023

Great power competition is inevitable

1 Supply chains
will shorten

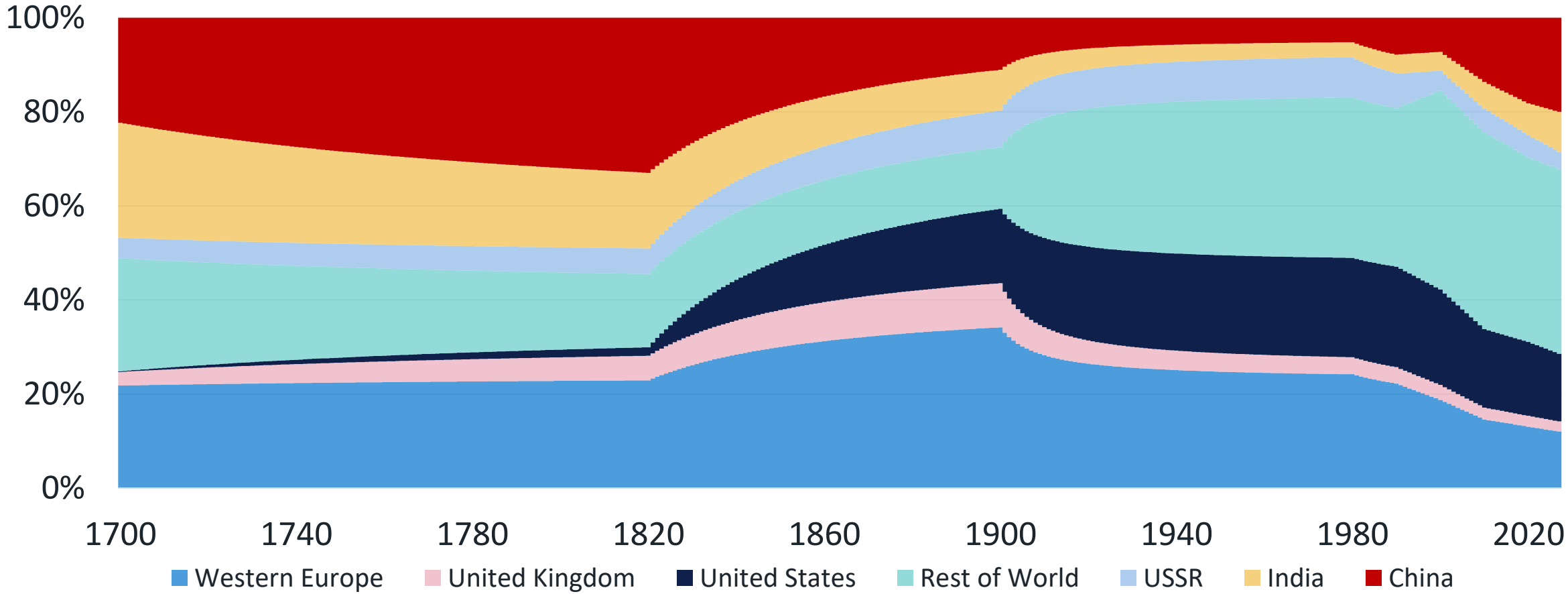
2 Finance will become
more regional

3 Defence spending
will rise



The rise of China – share of GDP

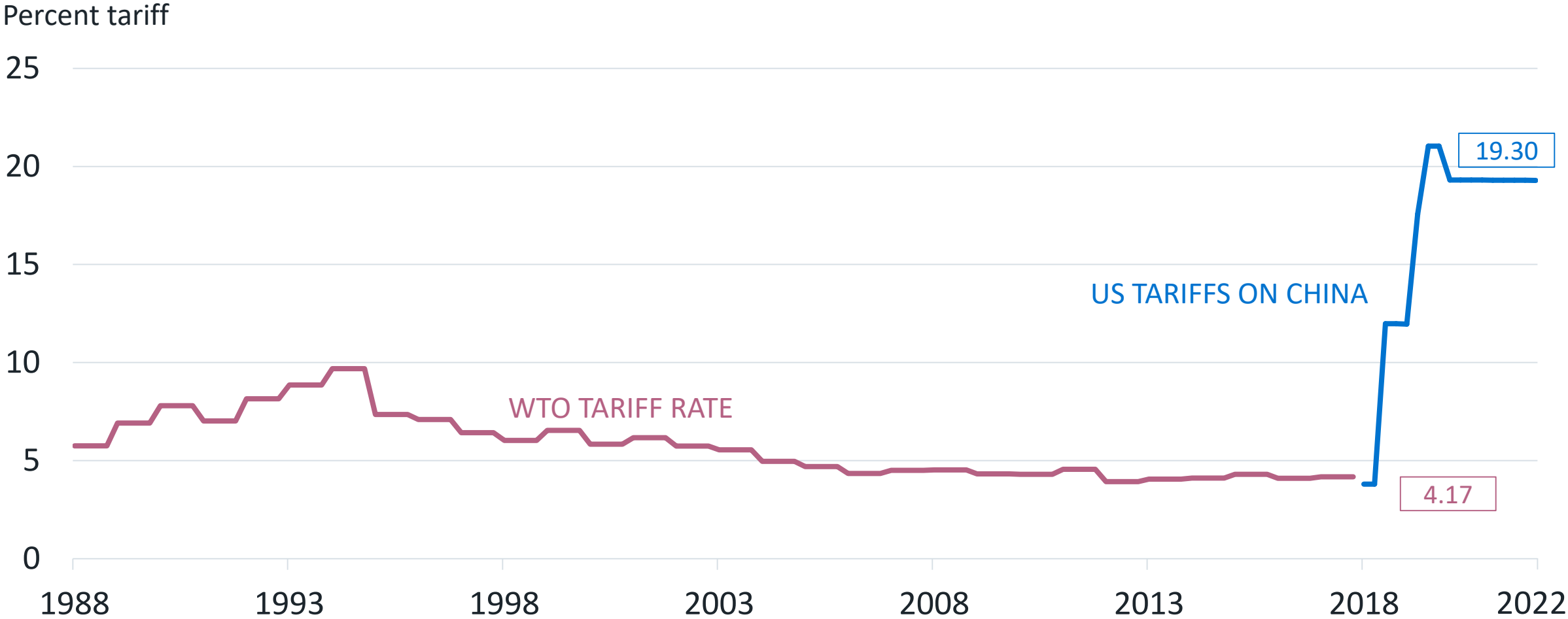
Global GDP



Source: IMF World Economic Outlook, October 2022 (from 2000 onwards), Historical Statistics of the World Economy – Angus Maddison (pre-2000).

Trade as a battleground for economic power

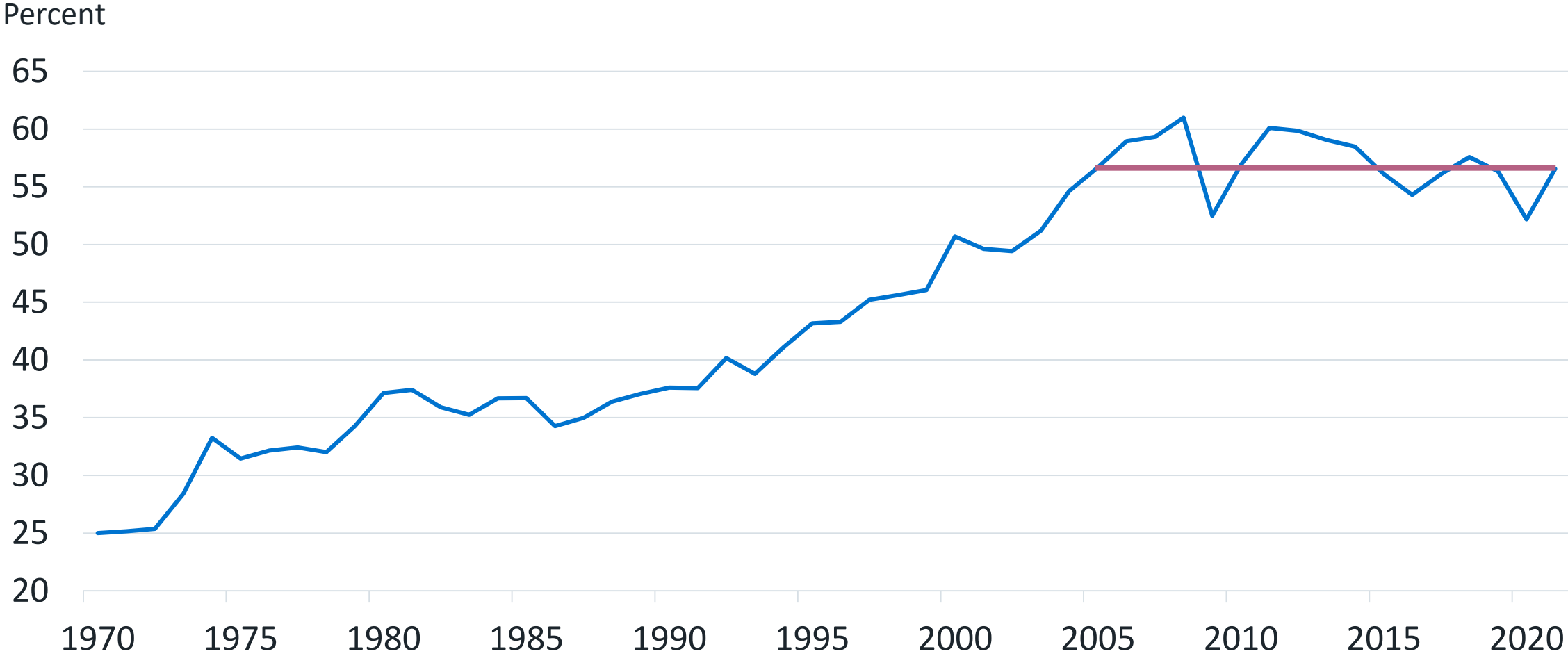
Tariff and non tariff barriers are picking up



Source: Macrobond, March 2023

Globalisation has peaked

World trade to GDP ratio 1970-2023

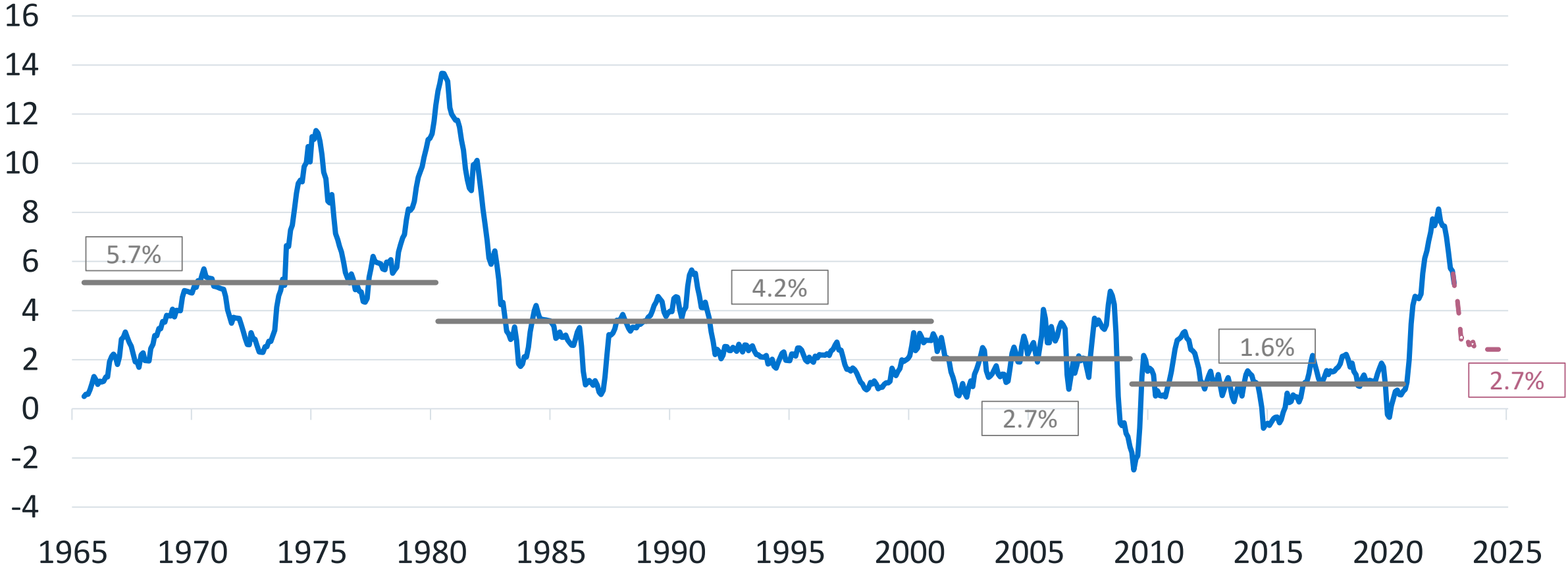


Source: www.macrotrends.net and The World Bank

Inflation – extended interruption or new market regime?

US CPI

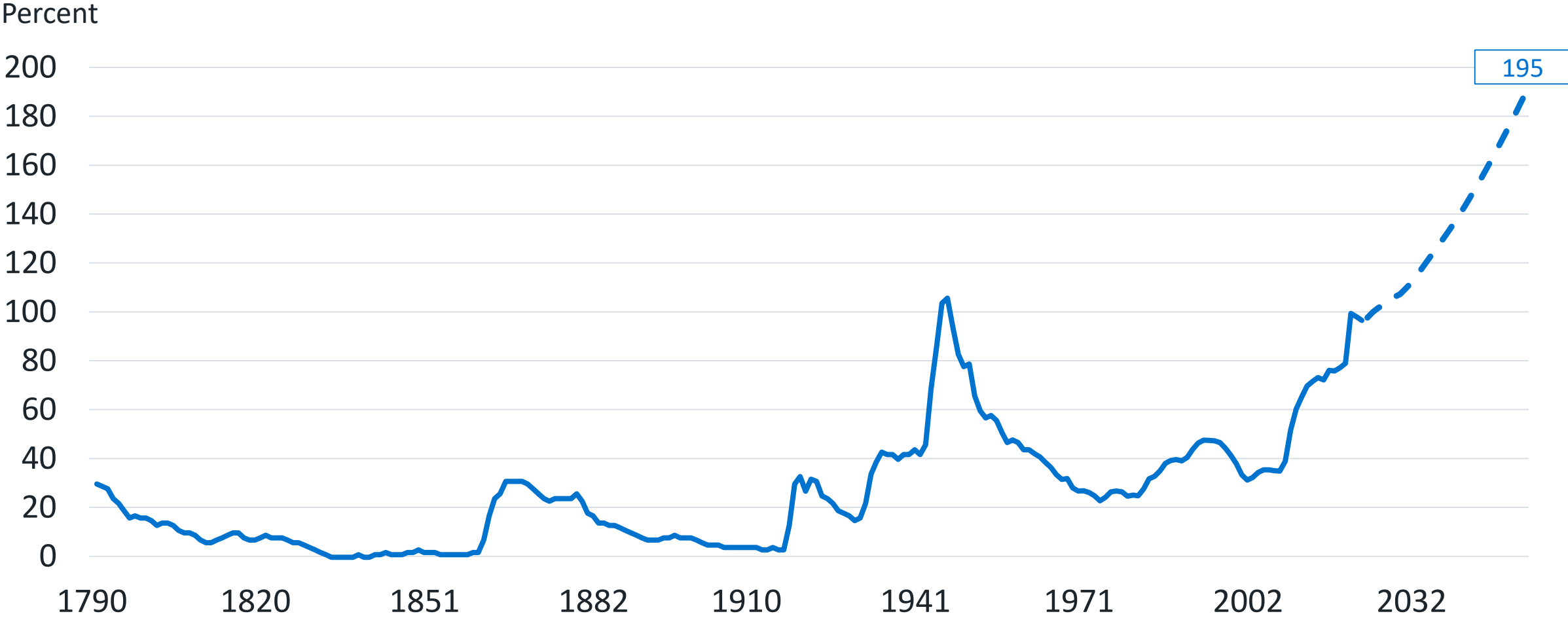
Percent



Source: Macrobond, March 2023

Government debt levels forecast to continue to grow

US debt as a share of GDP is set to rise sharply

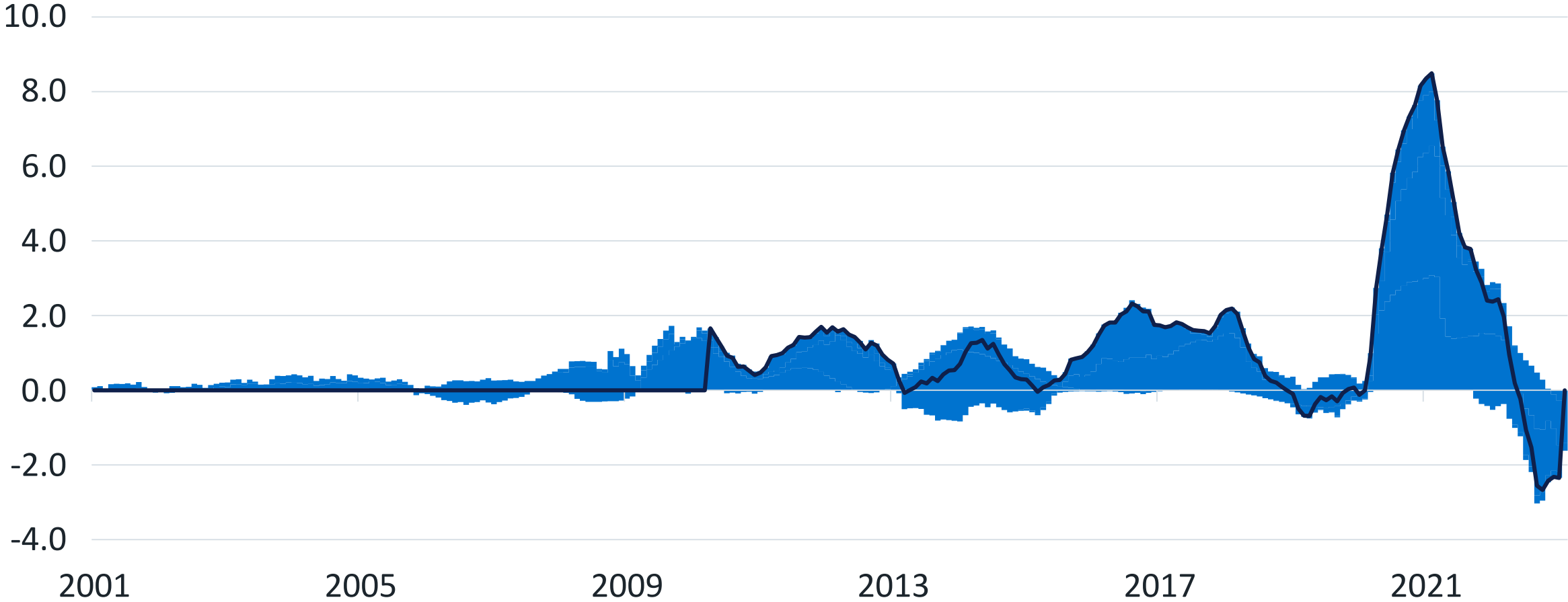


Source: Macrobond, March 2023

Quantitative tightening still remains largely untested

12 month change in UK, US, EU and Japanese central bank assets

USD trillion



Source: Macrobond, March 2023

Great moderation gives way to great volatility



**Era of
flux**



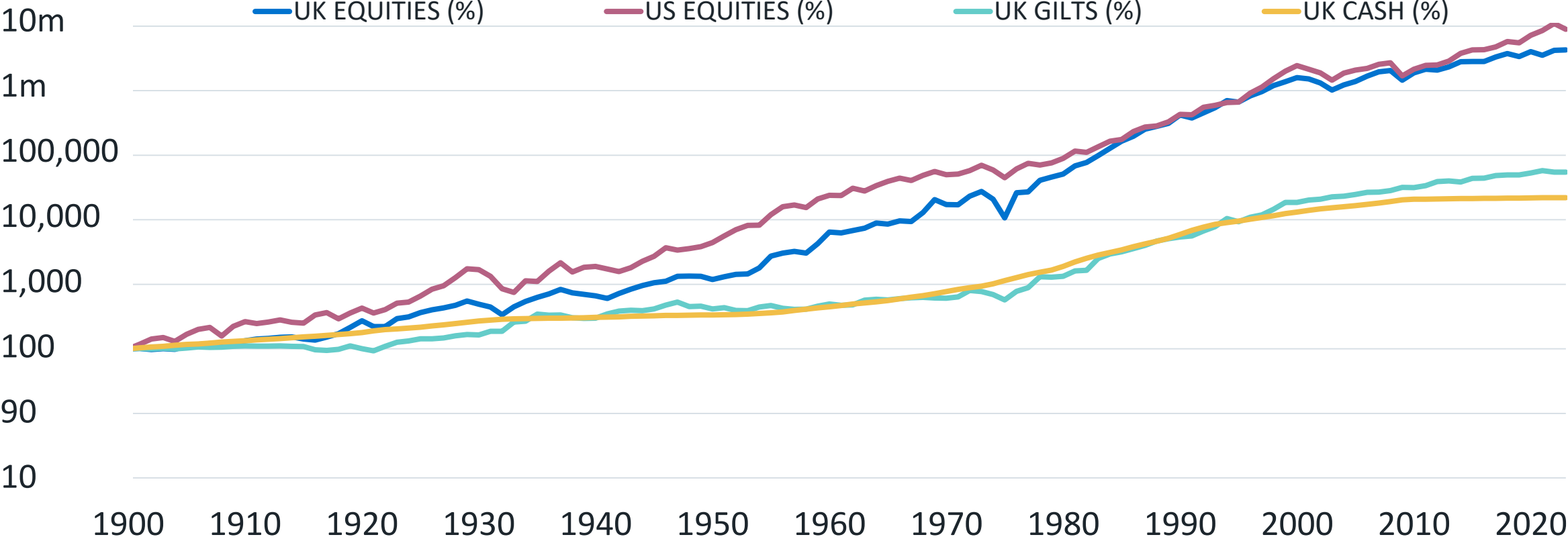
**Moderately higher inflation
with higher interest rates**



**Increase in
market volatility**

Asset class returns since 1900

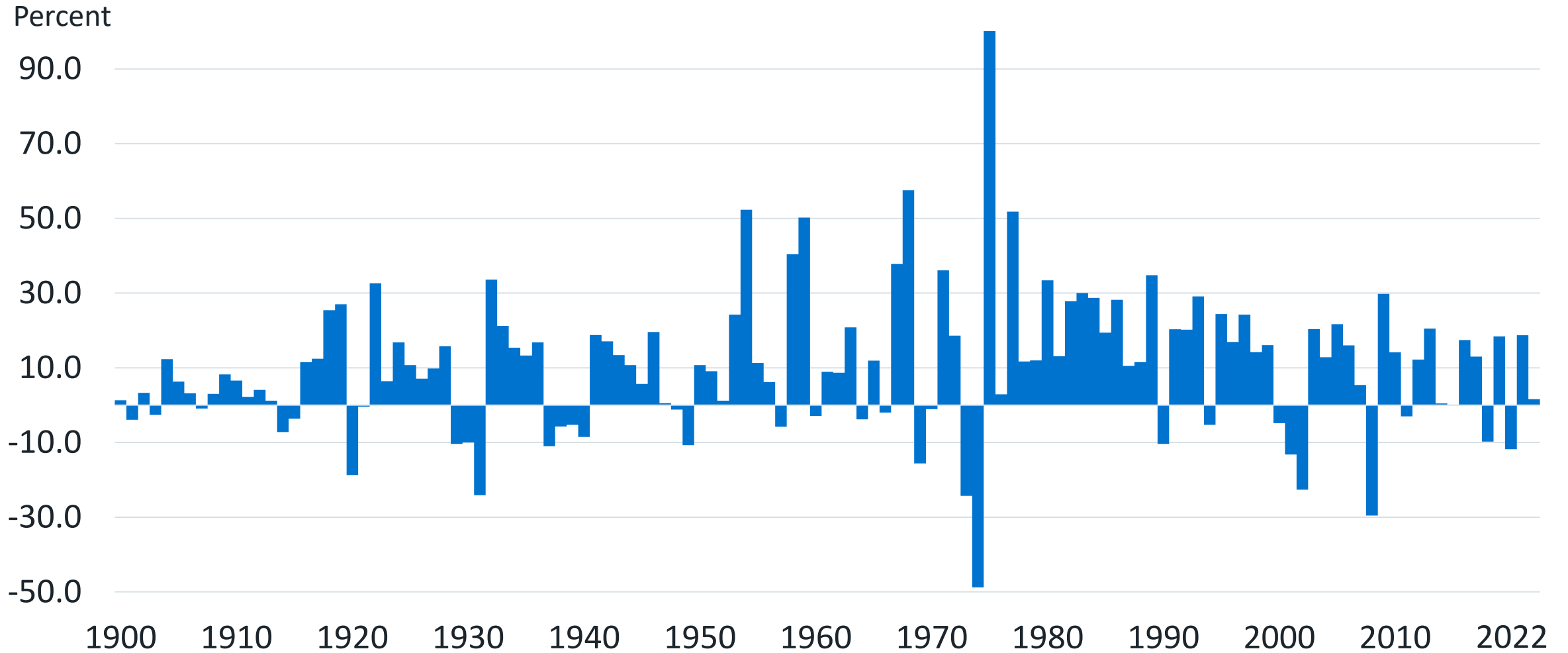
Log scale



Past performance is not a guide to future returns and may not be repeated.

Source: Bank of America Merrill Lynch, Barclays Equity Gilt Study, MSCI Inc, © Elroy Dimson, Paul Marsh & Mike Staunton

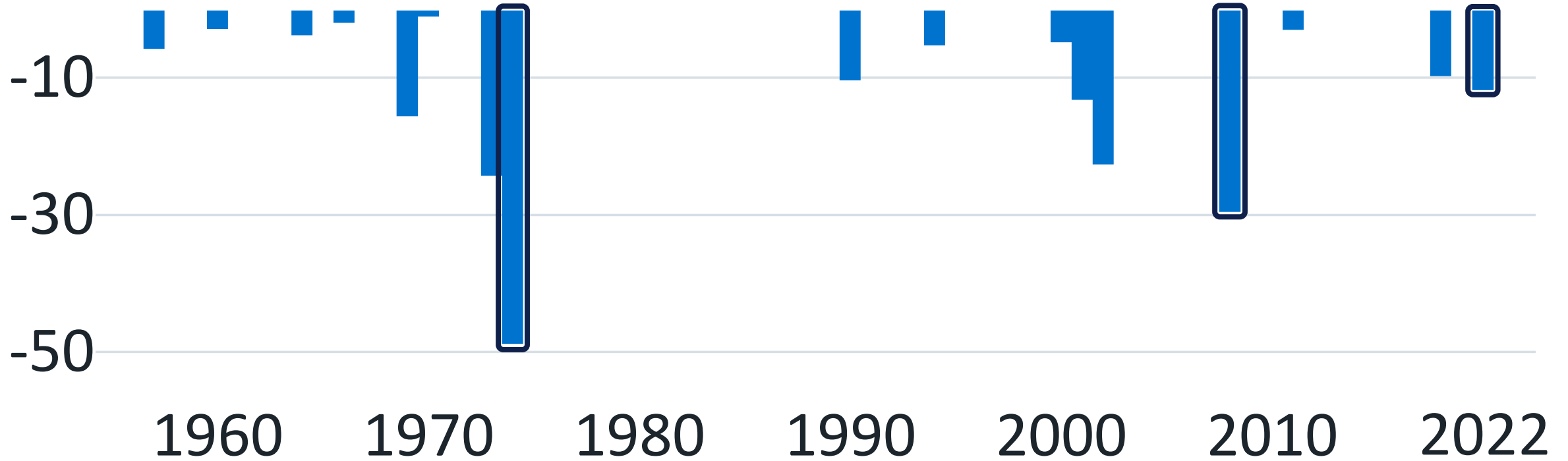
UK equity performance since 1900



Past performance is not a guide to future returns and may not be repeated.

Source: MSCI Inc, © Elroy Dimson, Paul Marsh & Mike Staunton

UK equity performance since 1900

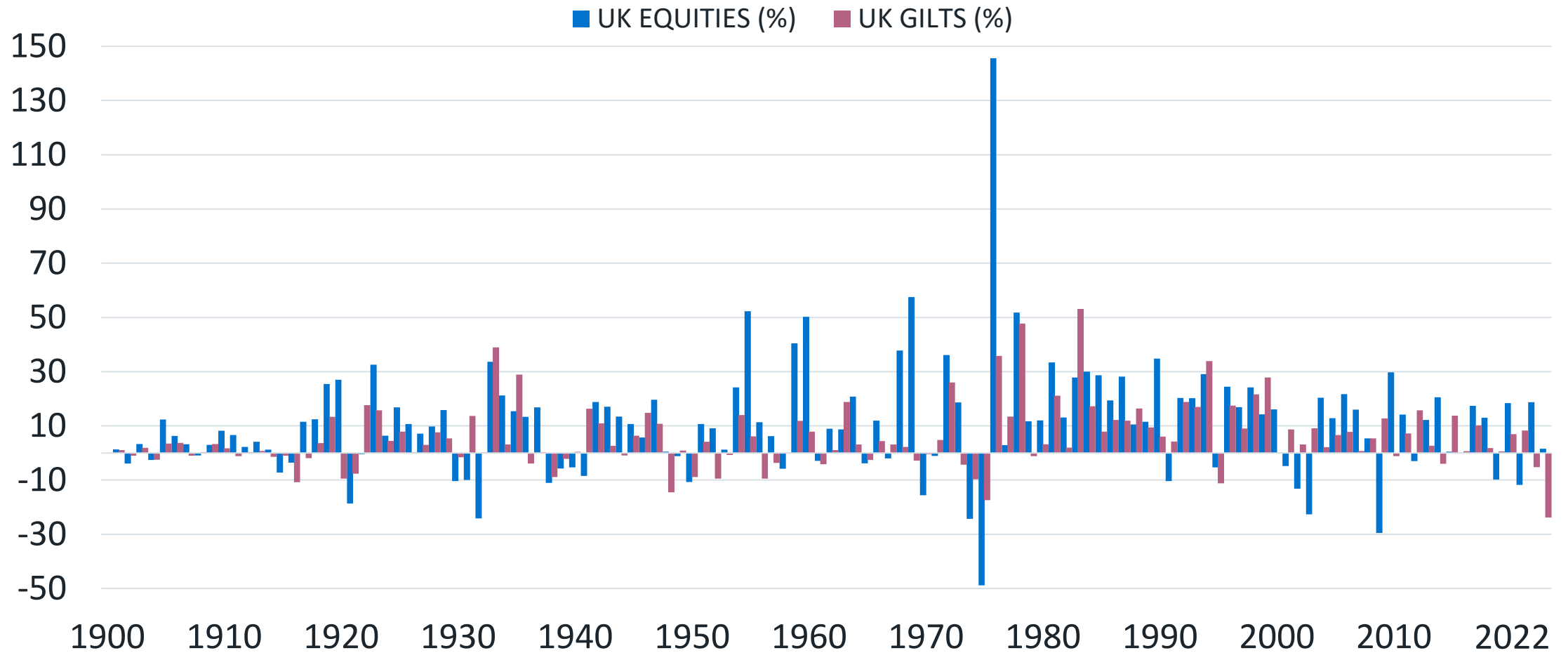


Past performance is not a guide to future returns and may not be repeated.

Source: MSCI Inc, © Elroy Dimson, Paul Marsh & Mike Staunton

Fixed income & equity performance since 1900

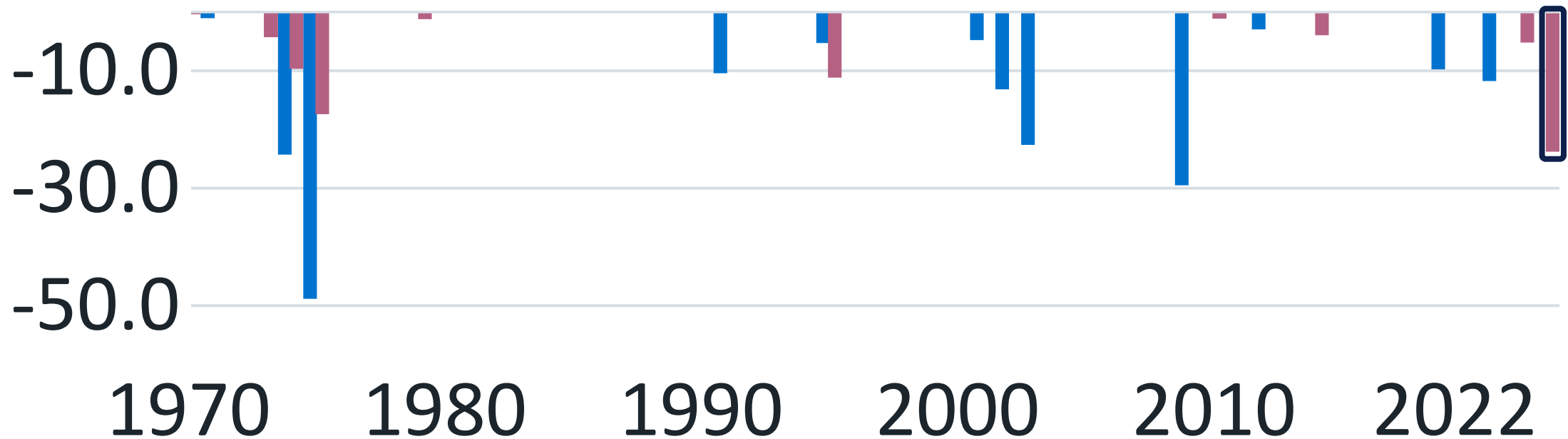
Percent



Past performance is not a guide to future returns and may not be repeated.

Source: Bank of America Merrill Lynch, Barclays Equity Gilt Study, MSCI Inc, © Elroy Dimson, Paul Marsh & Mike Staunton

Fixed income & equity performance since 1900

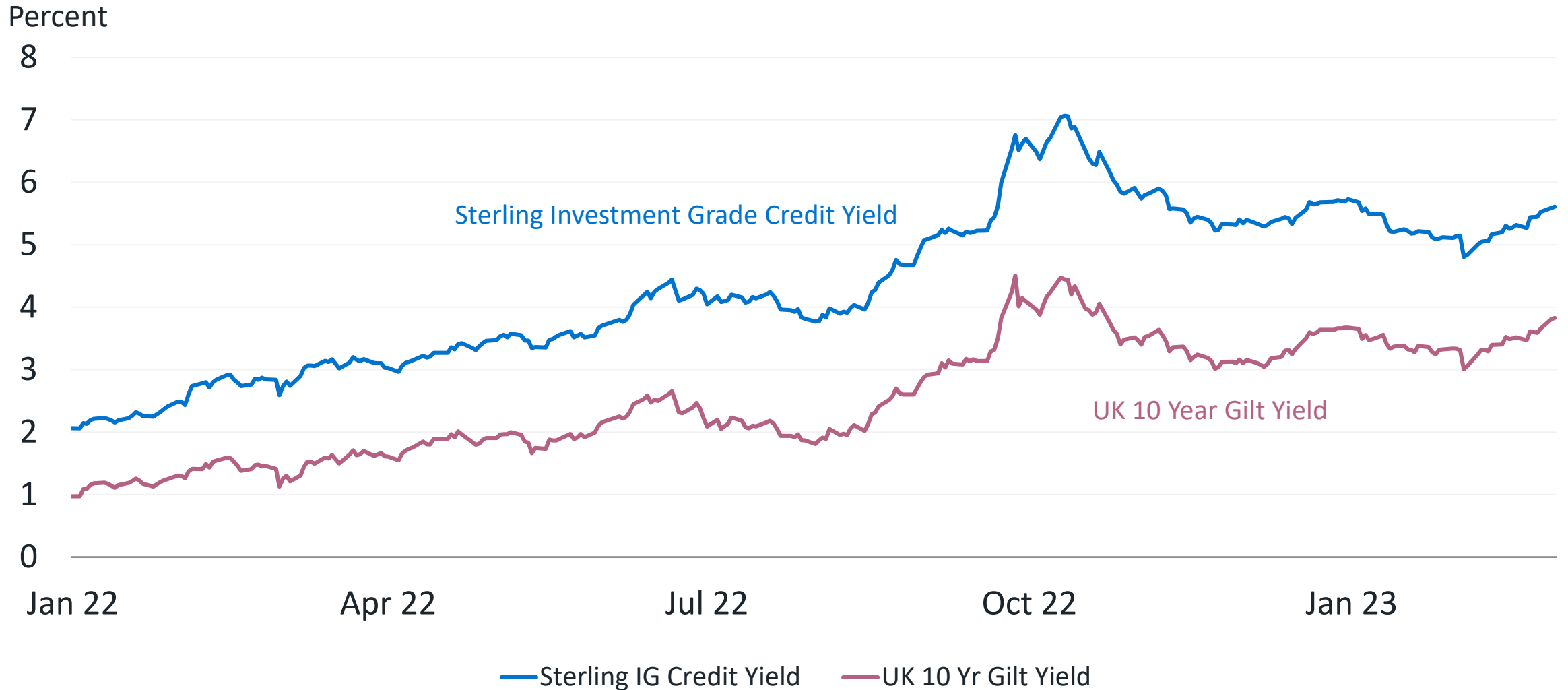


■ UK GILTS (%)

Past performance is not a guide to future returns and may not be repeated.

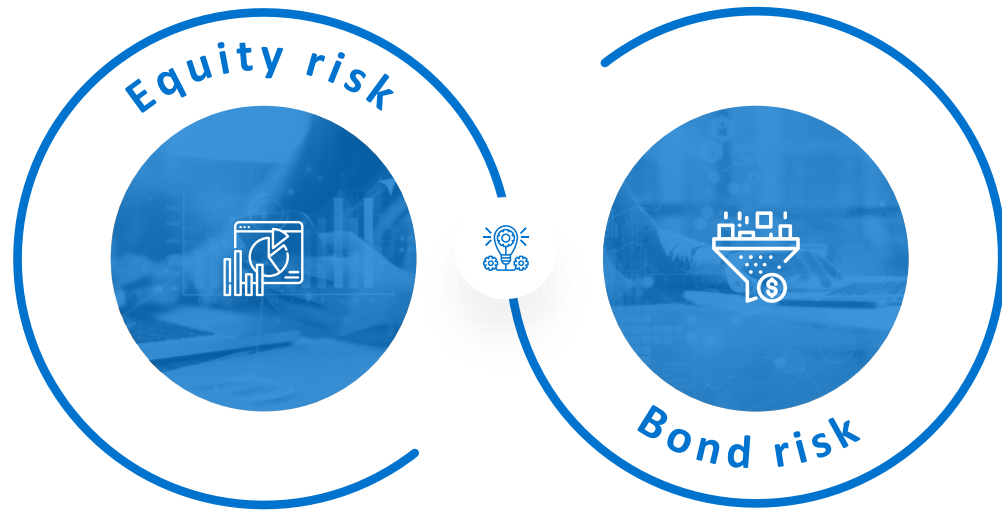
Source: Bank of America Merrill Lynch, Barclays Equity Gilt Study, MSCI Inc, © Elroy Dimson, Paul Marsh & Mike Staunton

UK Fixed Income yields



How we think about alternative investments

Correlated

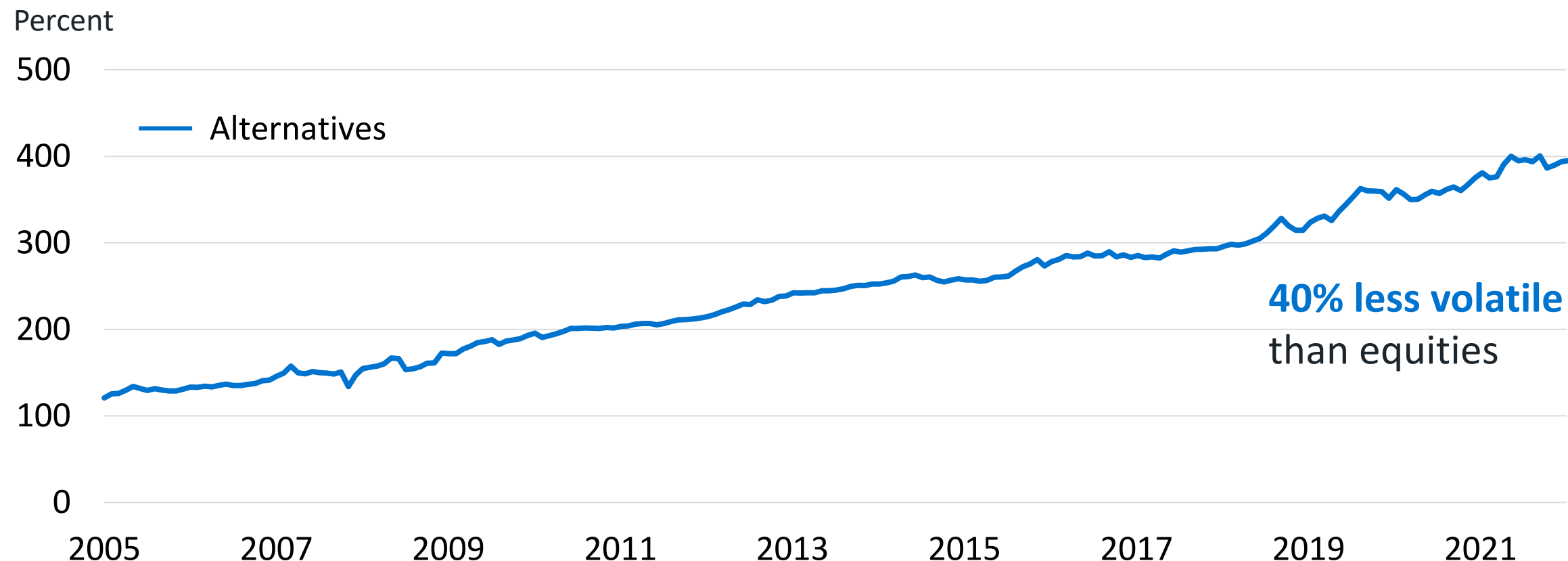


Uncorrelated



Alternatives performance

Sarasin Endowments Strategy



Past performance is not a guide to future returns and may not be repeated. The value of investments and the income from them can go down as well as up and an investor 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. Please note that the above figures do not represent the fund's published performance figures: they show performance prior to the deduction of management fees and all other charges. Management fees will have a negative impact on investment returns.

Source: Sarasin & Partners LLP as at 31.12.22. Data collected from the Sarasin Endowments Fund, a multi asset class Charity Authorised Investment Fund, regulated by the FCA and the Charity Commission and audited by Deloitte.

Long-term projected asset class returns

Asset class	7 – 10 year projected total return %
Equities	7.4
Bonds	4.6
Property	6.2
Alternatives	6.4

Please note that there are no guarantees that the projected returns will be achieved.



Important information

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