

SARASIN
& PARTNERS

CHARITY FUNDS ANNUAL REVIEW 2024

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



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& PARTNERS

Welcome

Melanie Roberts
Head of Charities

Charity specialists

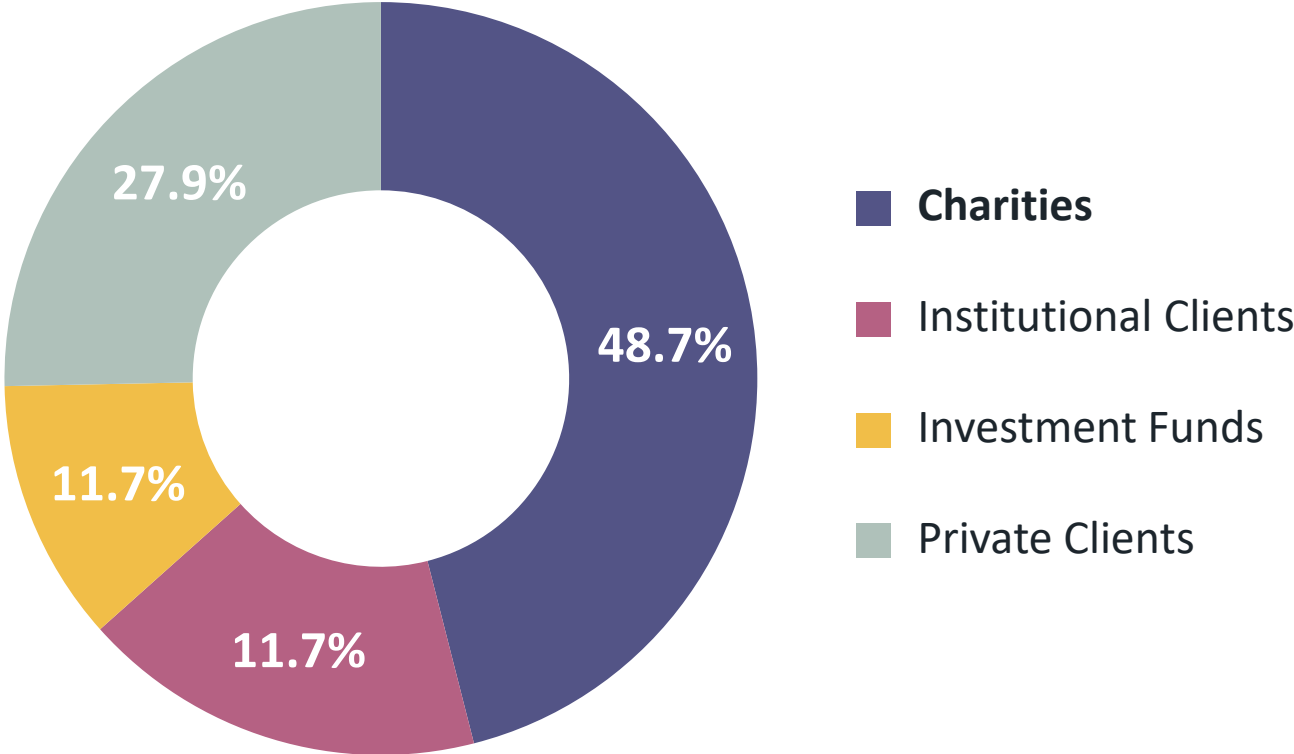
£8.9bn

Charity assets under management

520

Charity clients

Average size £17 million



Source: Sarasin & Partners, 30.09.24

Charity funds represent 35% of our total charity assets

Largest Charity **£105.6^m**

Charities over **£20m** **34**

Charities between **£10m** and **£20m** **57**

Charities between **£5m** and **£10m** **56**

Charities between **£1m** and **£5m** **162**

Charities with less than **£1m** **104**

£7.1^m

**Average
portfolio**



**413 unit
holders**

Source: Sarasin & Partners, 30.09.24

What are we best known for?





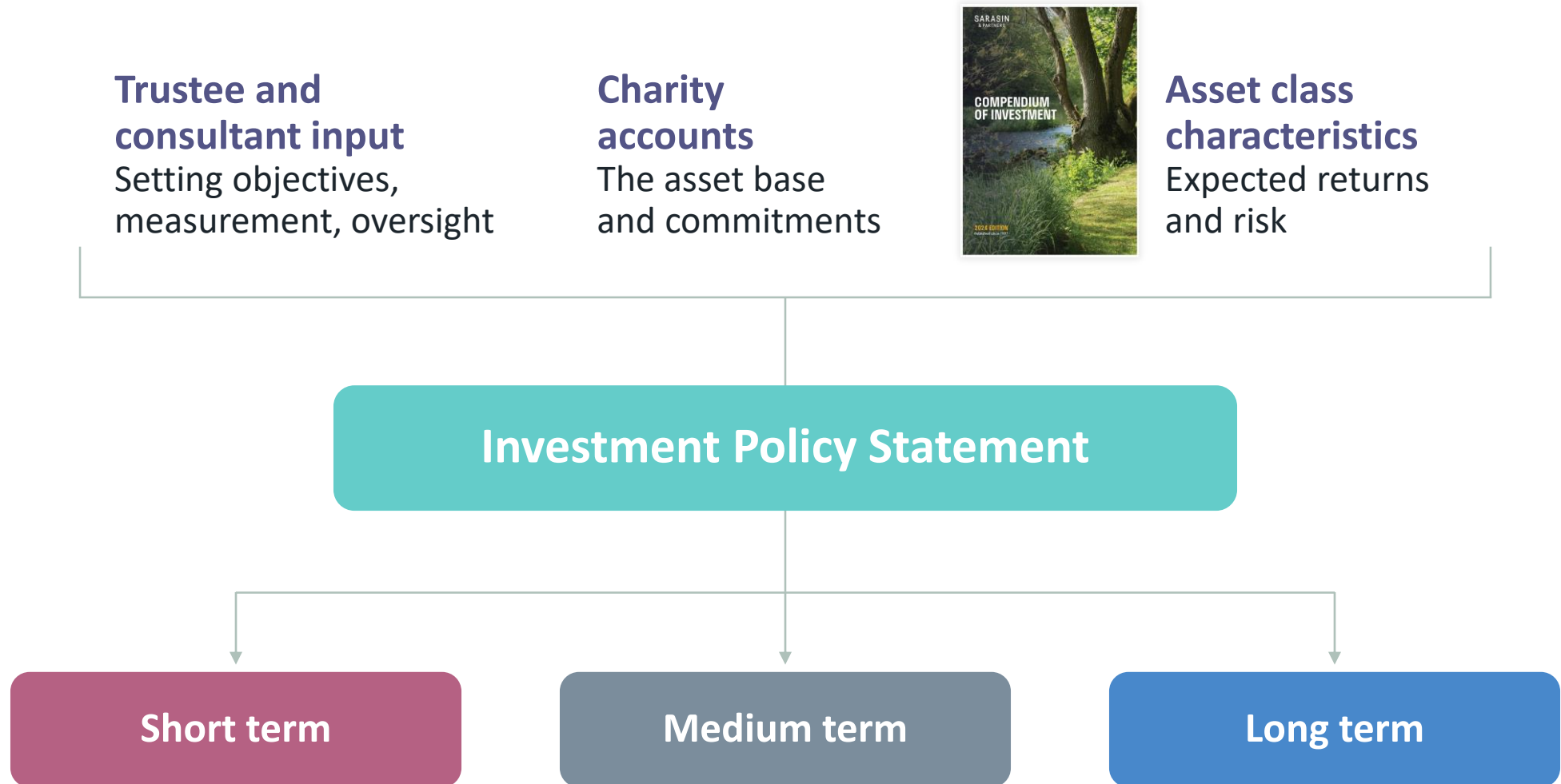
Sarasin Compendium of Investment

March 2024 edition

Useful chapters:

- The investment universe
- Responsible investment
- Planning an investment policy
- The impact of spending on returns

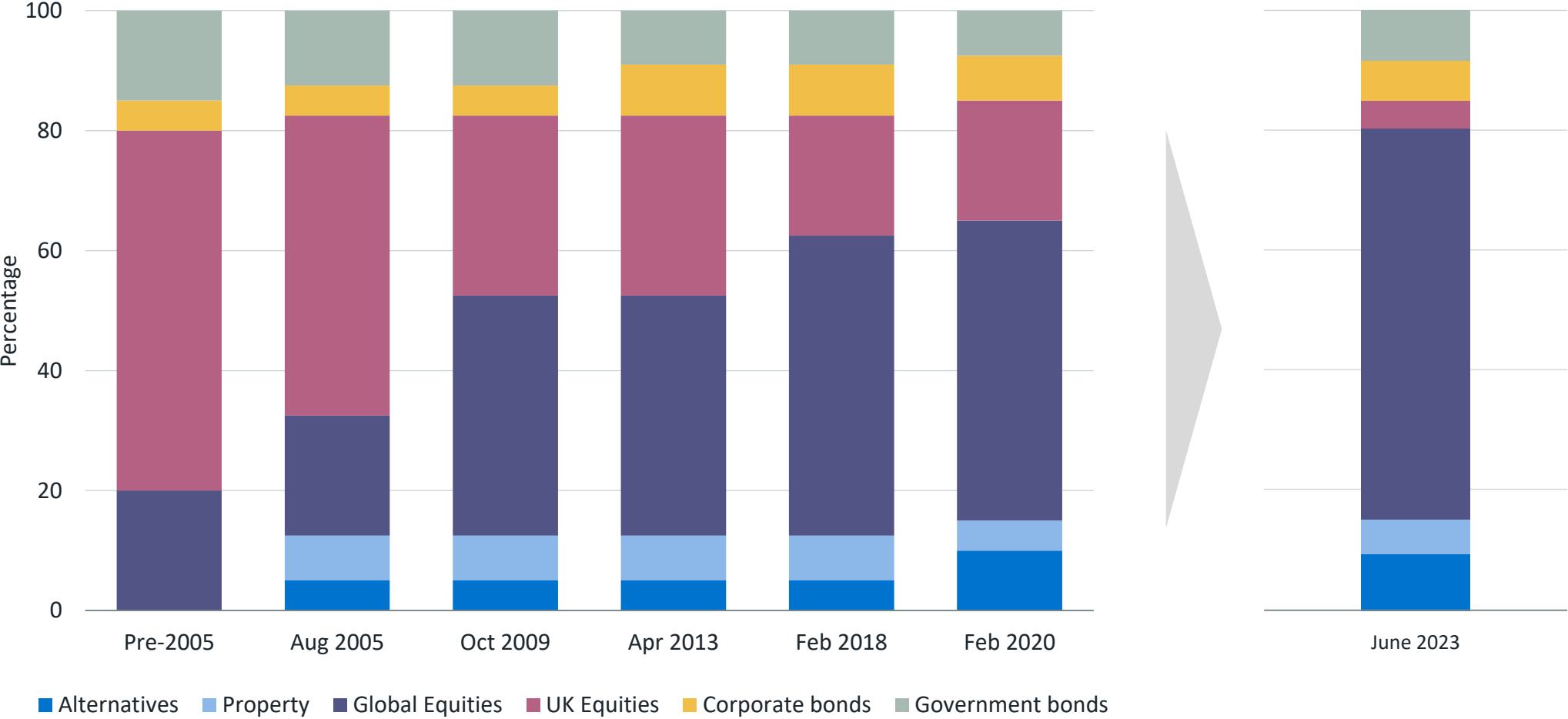
Building an investment strategy



Strategic evolution...

Fully global equity allocation from 1 June 2023

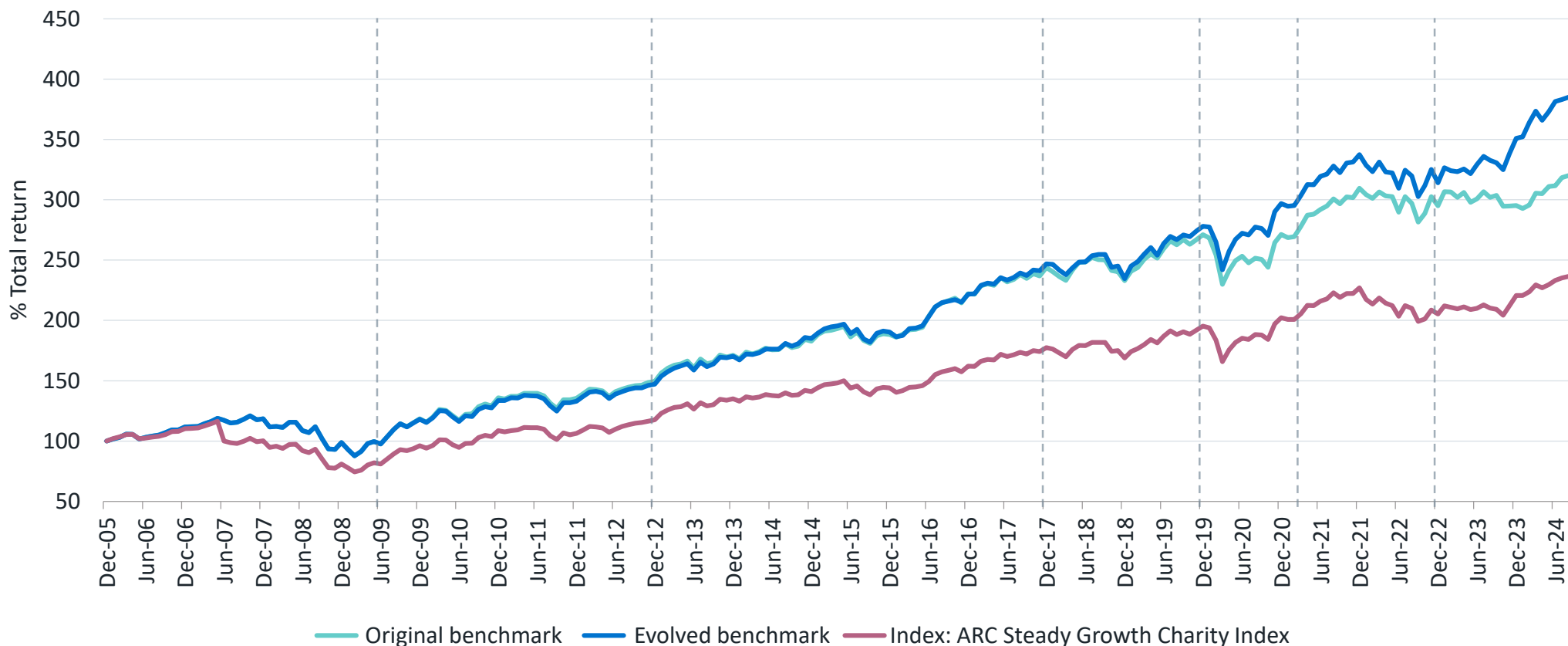
 Endowments strategic allocation (%)



Source: Sarasin & Partners LLP, 30.09.2023

Evolving the strategy has added 1.1% pa since inception

Impact of changing the Endowments strategic asset allocation since 31 December 2005

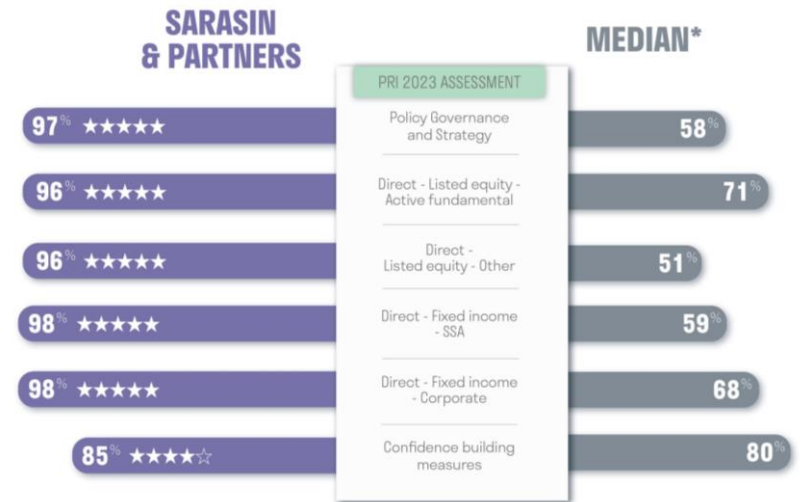


Past performance is not a reliable indicator of future results and may not be repeated.

Source: Sarasin & Partners, ARC (ARC (Asset Risk Consultants) at 30.09.2024

Original Benchmark: FTSE Gilts All Stocks (12.5%), JP Morgan World Bonds Ex-UK (5%), FTSE All-Share 5% capped (50%), FTSE World Ex-UK (20%), MSCI Properly Monthly (4%), EPRA/NAREIT (3.5%), UK cash LIBOR 1 Month (%). Current Benchmark: ICE BofA Sterling Corporate & Collateralized Index (7.5%), ICE BofA UK Gilts All Stocks (7.5%), MSCI AC World (Local Currency) (GBP) (10%), MSCI All Balanced Property Funds – One Quarter Lagged (5%), MSCI All Countries World Daily (Net Total Return) (60%), 2% per annum above SONIA (alternative assets) (10%).

External validation of our stewardship work



Source: InfluenceMap, August 2023; PRI Reporting Framework, published 15 Dec 2023
 *Investment Manager signatories

Governance and oversight

Leverage expertise from industry experts

Climate Advisory Panel



Heidi Hellmann

Chair

Former Head of Strategy BG Group and Centrica; currently NED and advisory roles



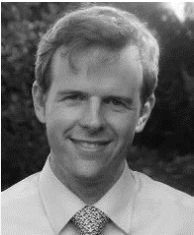
Rt Hon Chris Skidmore

Former Conservative Energy and Clean Growth Minister; led Government's Net Zero review (2023)



Louise Rouse

Civil society expert, consulting for Greenpeace and other NGOs on climate advocacy



Prof Cameron Hepburn

Professor of Environmental Economics, Oxford Martin School, Oxford University

CAIF Board



Chris Stephens

Chair

Chairman of OCS Group and Trustee of Power to Change; former Chairman of Judicial Appointments Commission; several NED roles



Katie Blacklock

Former fund manager; founding partner of UK-based hedge fund and several NED roles



Camilla Ritchie

Senior Investment Manager at 7IM (16 years +)

UK Sustainability Disclosure Requirements (SDR)



For funds with an aim to invest at least **70%** in assets that meet a credible standard of environmental and/or social sustainability



For funds with an aim to achieve a pre-defined positive, measurable, impact in relation to an environmental and/or social outcome



For funds with an aim to invest at least **70%** in assets that have the potential to improve environmental and/or social sustainability over time



For funds with an aim to invest at least **70%** in accordance with a combination of the sustainability objectives for the other labels

Source: FCA PS23/16 Sustainability Disclosure Requirements (SDR) and investment labels, November 2023

Charities team



Melanie Roberts

Partner
Head of Charities



Richard Maitland

Senior Partner



Oliver Bates

Partner



Ruadhri Duncan

Partner



James Hutton

Partner



Alexander True

Partner



Tania McLuckie

Partner



Thomas Lindsey

Business Partner



Tom Santa-Olalla

Senior Associate Partner



Kamran Miah

Senior Associate Partner



Katherine Hussein

Senior Investment Manager



Isabel Brookes

Senior Investment Manager



Helena Wakefield

Senior Investment Manager



Mashrufa Miah

Senior Investment Manager



Hector McLean

Investment Manager



Octavia Thomson

Assistant Investment Manager



John Handford

Head of Charities Marketing



Sophie Burgoine

Personal Assistant



Sarah Chasseaud

Personal Assistant

Supported by 7 charity administrators

(x/y) denotes years' of experience/ years' at Sarasin & Partners as at 31.10.24

Events delivered in 2024



Spring Seminars

March 2024

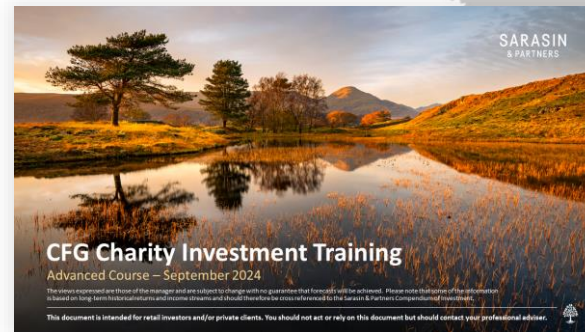
2 days

Trustee Training

in conjunction with CFG

4 online and

4 in London



Regional training

Manchester

Oxford

Edinburgh

Newmarket

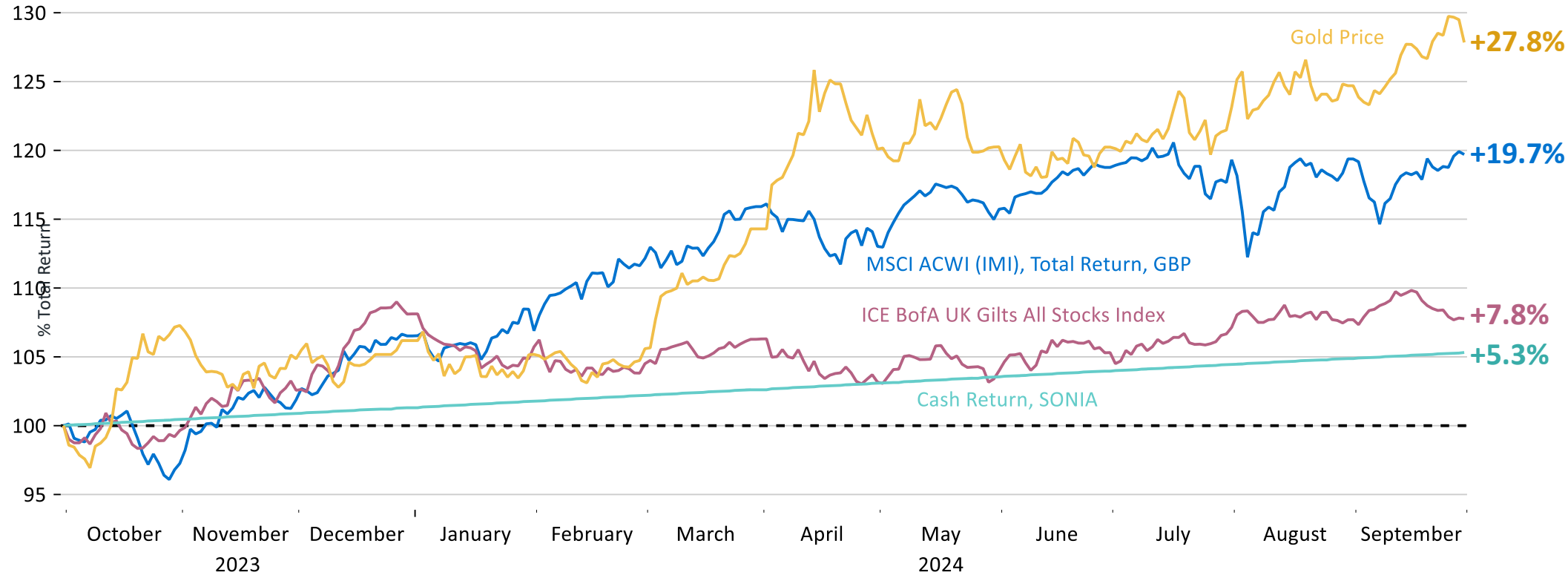
Taunton

We support: ACEVO, CFG, Charity Finance, Catholic Conference Westminster, Association of Provincial Bursars

The past year

Global asset class returns

1 year to 30 September 2024 (sterling returns)



Source: Macrobond, 31.10.24

Past performance is not a reliable indicator of future results and may not be repeated.

Strategic asset allocation

	INCOME & RESERVES	ENDOWMENTS	GROWTH
	CPI +1% %	CPI +4% %	CPI +4.5% %
Fixed Interest	65.0	15.0	-
Equities	20.0	70.0	80.0
UK Commercial Property	-	5.0	-
Alternatives	10.0	10.0	20.0
Cash	5.0	-	-
Total	100.0	100.0	100.0
Projected 5-7 year annual 'real' return	2.9	4.7	5.0

Forecasts are not a reliable indicator of future performance and may differ to actual performance achieved.

Source: Sarasin & Partners LLP. * Data since 31.12.05. As at 30.09.24.

1 year performance of the CAIFs

To 30 September 2024



Total return net of fees

CPI Target %		Sarasin Fund %	Benchmark %	ARC Peer Group %
+1.0	Income & Reserves Fund	+10.1	+10.3	+6.4
+4.0	Endowments Fund	+16.2	+17.0	+12.9
	Climate Active Endowments Fund	+17.1		
+4.5	Growth Fund	+14.8	+17.4	+13.8

Performance is provided net of fees. Past performance is not a reliable indicator of future results and may not be repeated.

The past performance was calculated in pound sterling on a net asset value basis with distributable income reinvested.

Source: Sarasin & Partners, 30.09.24

Benchmark information: Sarasin Endowments Fund: 7.5% ICE BoAML UK Gilts All Stocks, 7.5% ICE BoAML Sterling Corporate & Collateralised, 10.0% MSCI All World(Local Ccy), 60.0% MSCI All World, 5.0% MSCI All Balanced Property Funds Index (One Quarter Lagged), 10.0% BoE SONIA +2%. Sarasin Income & Reserves Fund: 35.0% ICE BoAML UK Gilts All Stocks, 30.0% ICE BoAML Sterling Corporate & Collateralised, 20.0% MSCI All World, 10.0% BoE SONIA +2%, 5.0% BoE SONIA . Sarasin Climate Active Endowments Fund: 7.5% ICE BoAML UK Gilts All Stocks, 7.5% ICE BoAML Sterling Corporate & Collateralised, 10.0% MSCI All World (Local Ccy), 60.0% MSCI All World, 5.0% MSCI All Balanced Property Funds Index (One Quarter Lagged), 10.0% BoE SONIA +2%. Sarasin Growth Fund: 80% MSCI All Countries World Index, 20% SONIA +2%

Peer group performance

Top quartile over 1, 3, 5 and 10 years



Sarasin Endowments Fund relative to ARC Charity Steady Growth

Cumulative returns to 30 Sep 24 (%)				
Percentiles	1 year	3 years	5 years	10 years
Sarasin Endowments Fund	16.2	13.4	33.6	93.7
25 th percentile	14.4	11.8	29.2	79.8
50 th percentile	12.9	8.9	24.5	71.3
75 th percentile	11.6	5.3	19.4	61.8

Source: Asset Risk Consultants Fund Charity Performance Report, 30.09.24.

Multi asset portfolio manager team



**Phil
Collins**

CIO – Multi Asset,
Lead Manager of
Endowments CAIFs



**Michael
Jervis**

Lead Manager
of Income
& Reserves



**Alastair
Baker**

Portfolio Manager
Multi-asset



**Tom
Kynge**

Portfolio Manager
Multi-asset



**Valencia
Agera**

Portfolio Managers'
Assistant

Performance analysis, fund positioning and income outlook

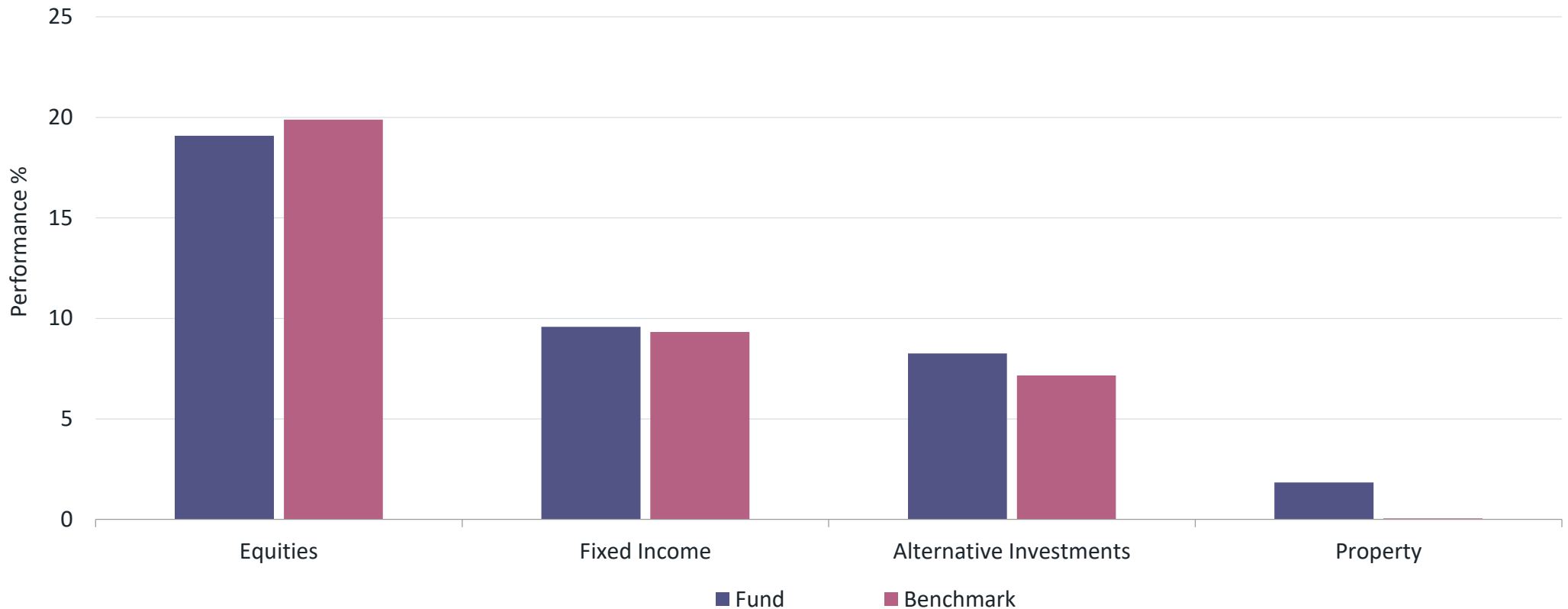
Phil Collins, CIO, Multi-asset
Michael Jervis, Portfolio Manager

Performance of underlying asset classes against their benchmark

12 months to 30 September 2024



CAIF Endowments performance






Past performance is not a reliable indicator of future results and may not be repeated.

Source: Sarasin & Partners, 30.09.24

Benchmark information: Sarasin Endowments Fund: 7.5% ICE BoAML UK Gilts All Stocks, 7.5% ICE BAML Sterling Corporate, 10.0% MSCI All Countries World Index (Local Ccy), 60.0% MSCI All Countries World Index, 5.0% MSCI All Balanced Property Funds Index (One Quarter Lagged), 10.0% BoE SONIA +2%. Sarasin Income & Reserves Fund: 35.0% ICE BAML UK Gilts All Stocks, 30.0% ICE BAML Sterling Corporate, 60.0% MSCI All Countries World Index, 10.0% BoE SONIA +2%, 5.0% BoE SONIA. Sarasin Climate Active Endowments Fund: 7.5% ICE BAML UK Gilts All Stocks, 7.5% ICE BAML Sterling Corporate, 10.0% MSCI All Countries World Index (Local Ccy), 60.0% MSCI All Countries World Index, 5.0% MSCI All Balanced Property Funds Index (One Quarter Lagged), 10.0% BoE SONIA +2%. Sarasin Growth Fund: 80% MSCI All Countries World Index, 20% SONIA +2%

Asset positioning

This year vs last year

Asset	Last year	This year	Change	Return
Equities	67%	74%	 Increased	+19%
Fixed Income	16%	11%	 Reduced in favour of equities	+10%
Property	4%	4%	Broadly unchanged	+2%
Alternatives	9%	9%	Broadly unchanged	+8%
Cash	4%	2%	 Reduced in favour of equities	+5%

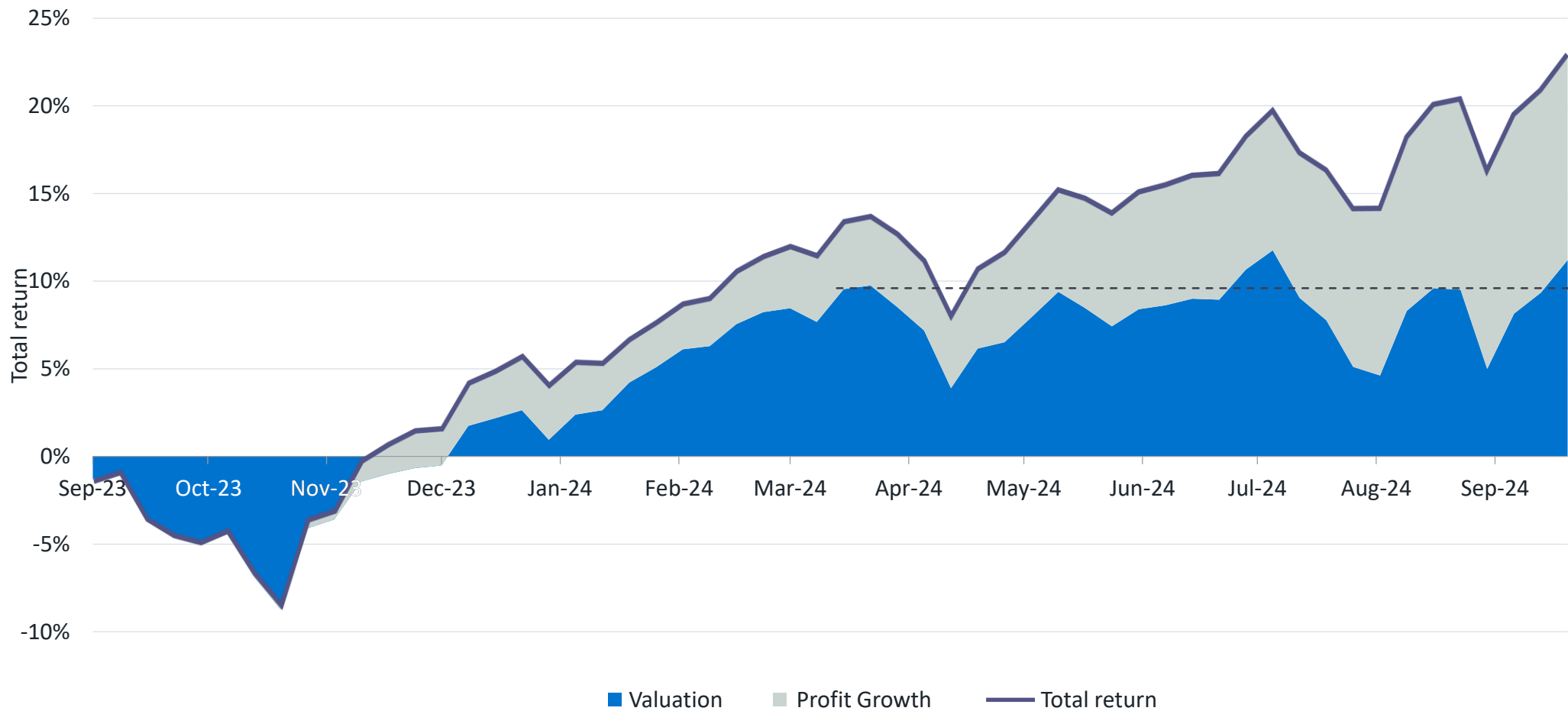
Past performance is not a reliable indicator of future results and may not be repeated.

Source: Sarasin & Partners, 30.09.24

Benchmark information: Sarasin Endowments Fund: 7.5% ICE BoAML UK Gilts All Stocks, 7.5% ICE BoAML Sterling Corporate, 20.0% MSCI UK IMI, 10.0% MSCI All World ex UK (Local Ccy), 40.0% MSCI All World ex UK, 5.0% MSCI All Balanced Property Funds Index (One Quarter Lagged), 10.0% BoE SONIA +2%. Sarasin Income & Reserves Fund: 35.0% ICE BoAML UK Gilts All Stocks, 30.0% ICE BoAML Sterling Corporate, 10.0% MSCI UK IMI, 10.0% MSCI All World ex UK, 10.0% BoE SONIA +2%, 5.0% BoE SONIA . Sarasin Climate Active Endowments Fund: 7.5% ICE BoAML UK Gilts All Stocks, 7.5% ICE BoAML Sterling Corporate, 20.0% MSCI UK IMI, 10.0% MSCI All World ex UK (Local Ccy), 40.0% MSCI All World ex UK, 5.0% MSCI All Balanced Property Funds Index (One Quarter Lagged), 10.0% BoE SONIA +2%. Sarasin Growth Fund: 80% MSCI All Countries World Index, 20% SONIA +2%

Remaining engaged with the equity markets

 Breakdown of equity returns over the last 12 months



Past performance is not a reliable indicator of future results and may not be repeated.
Source: Bloomberg as at 30 September 2024

Increasing global equities has added to returns, despite sterling strength



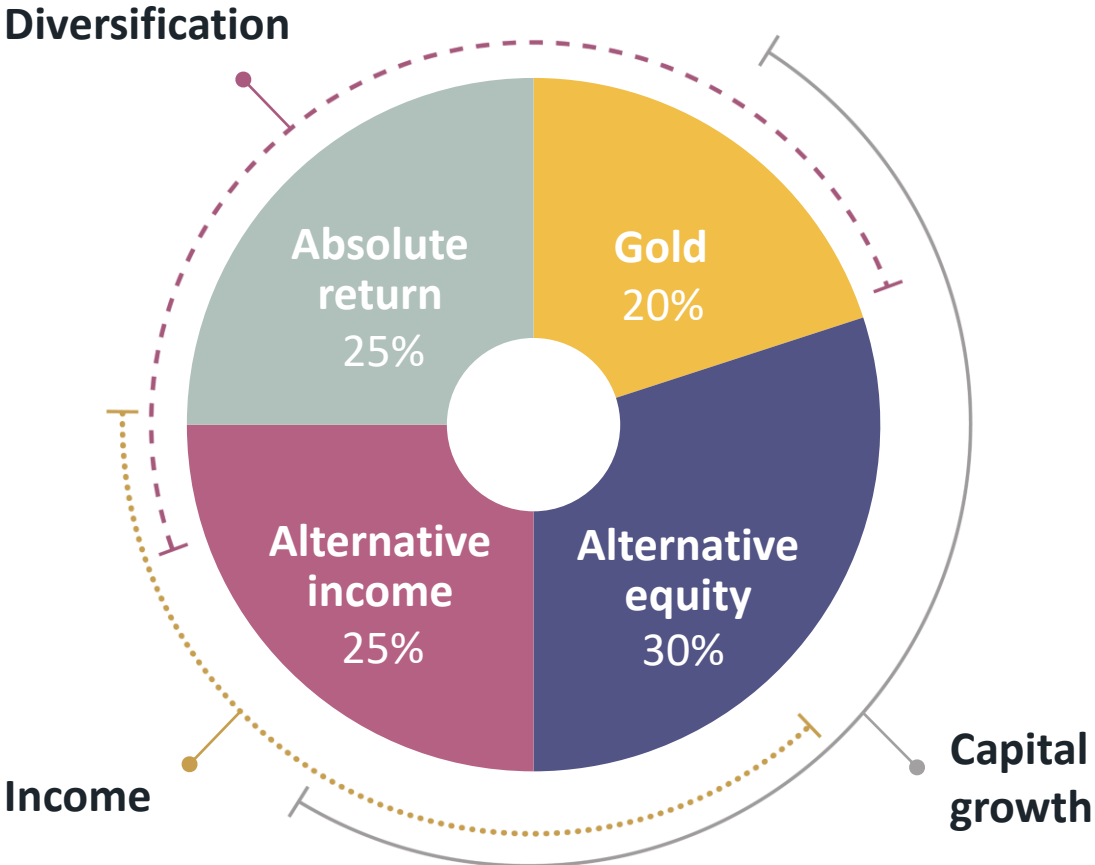
Global equities vs UK equities



- Benchmark was amended in Q2 2023 to go fully global
- Global equities (in sterling terms) **outperformed UK equities** over the year to 30 September

Past performance is not a reliable indicator of future results and may not be repeated.
Source: Bloomberg as at 30 Sept 2024

Why and how we allocate to alternatives



Our principles for investing:

1 Superior returns vs bonds

2 Differentiated exposures

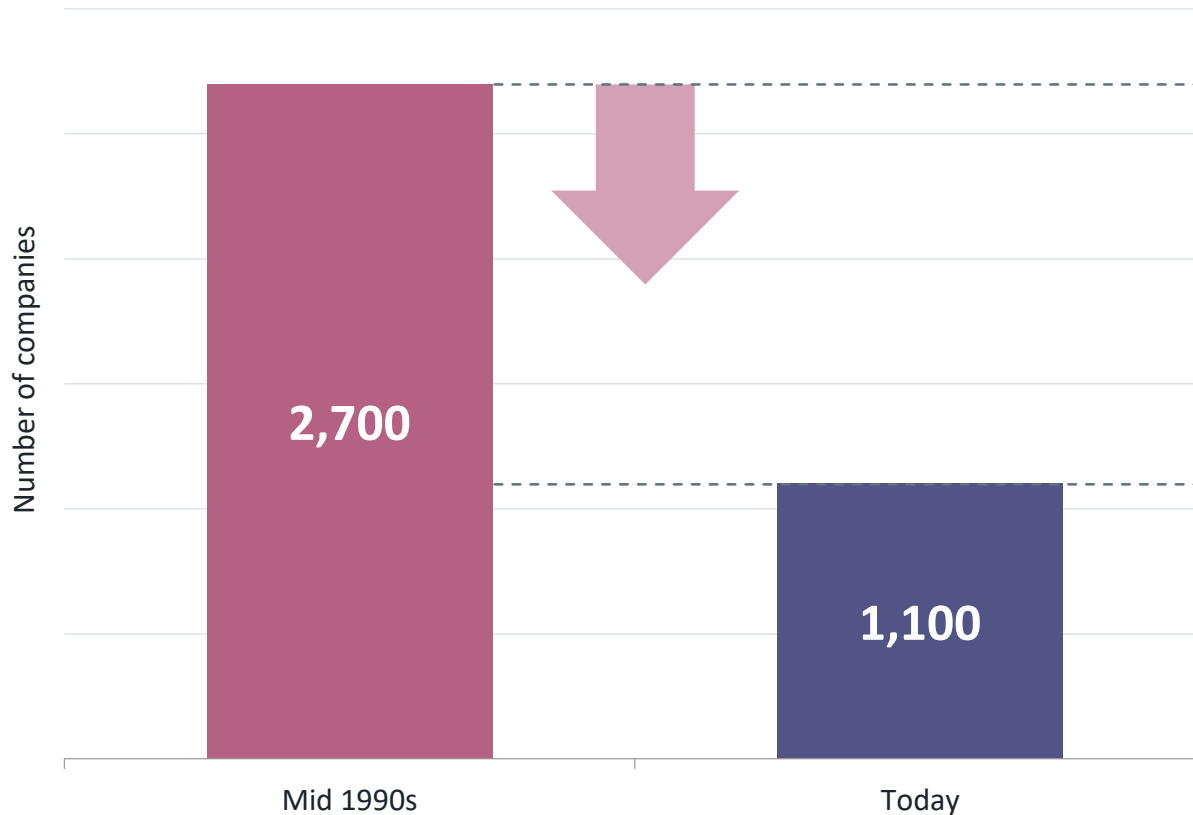
3 Diversified returns



Why and how we allocate to private equity (part of alternative equity)



Public markets are shrinking (example of the UK)



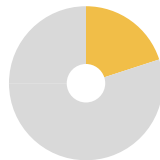
How we allocate?

**Directly or
via listed
vehicles**

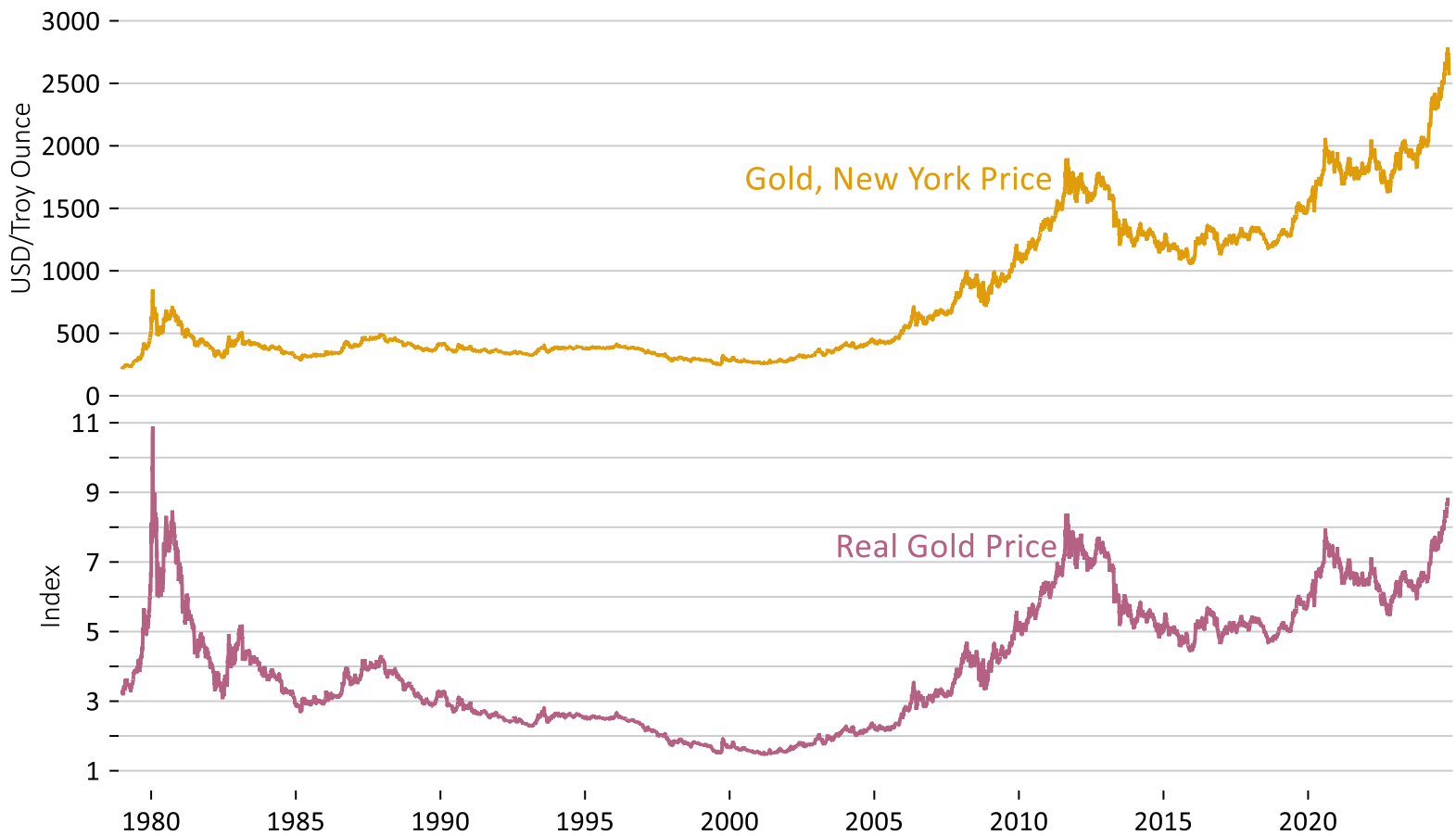
Forms part of the
**holistic
alternatives
strategy**

Source: Sarasin and Partners as at 30 September 2024

Gold continues to shine



Gold price



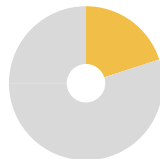
Source: Macrobond, 15.11.24

Real gold price deflated by US CPI.

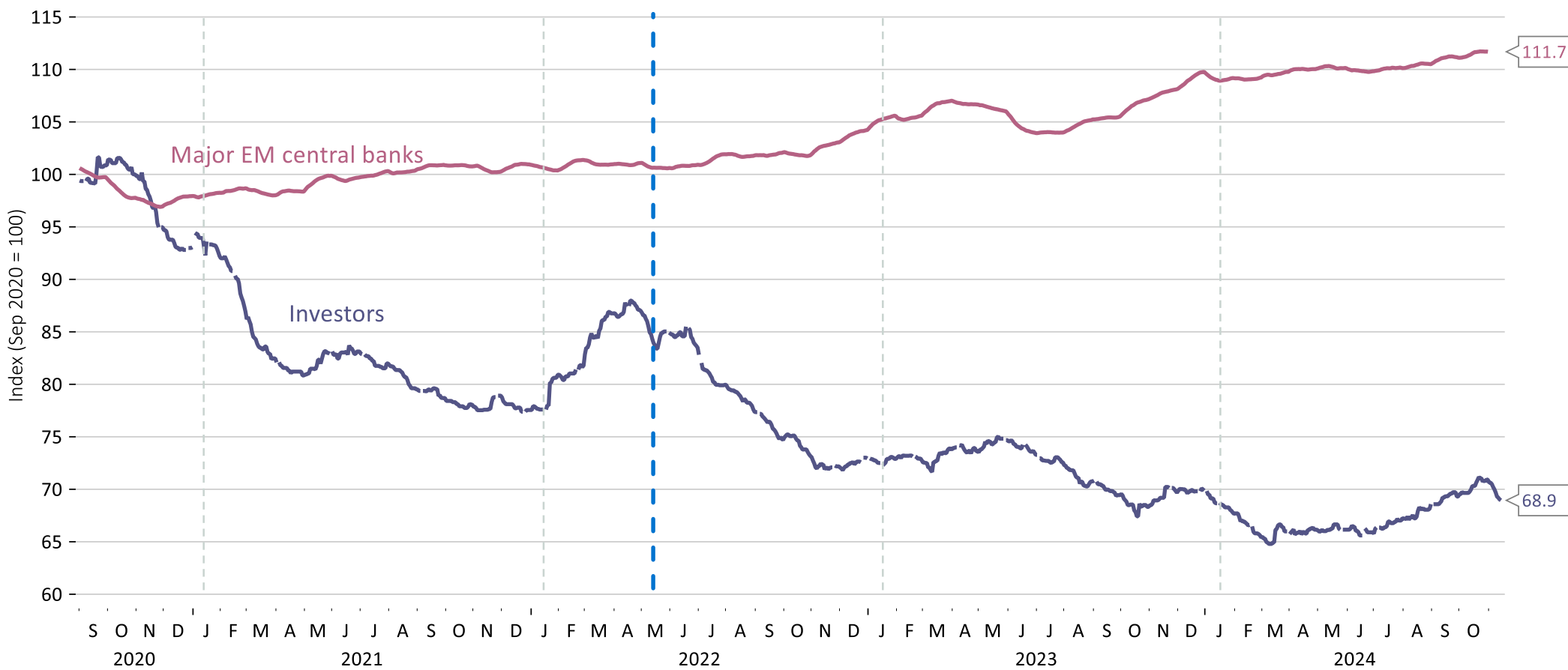
Gold continues to perform well

Moving towards highs in real terms

Who has been buying gold?



Gold holdings volumes



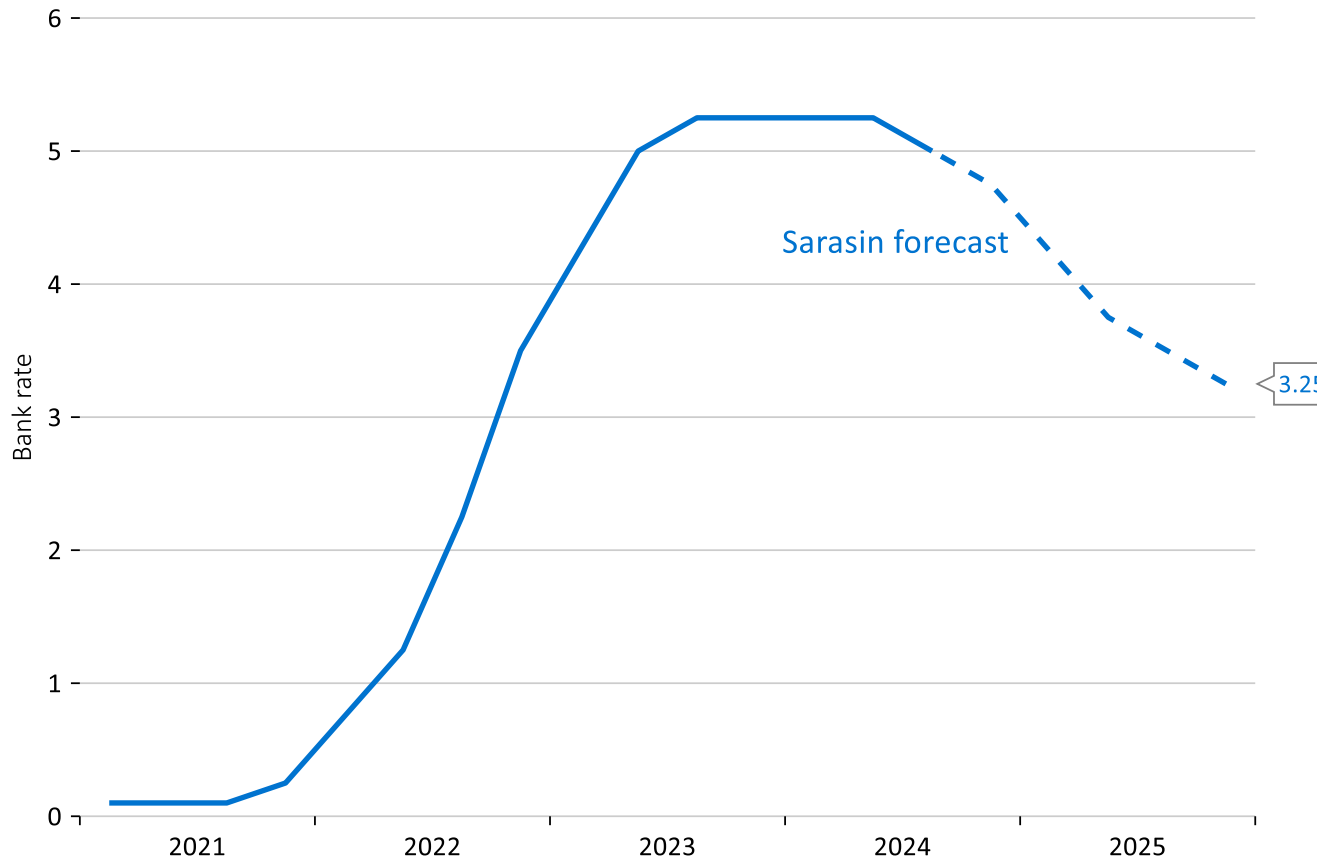
Source: Macrobond, 15.11.24

Bond markets

UK interest rates are set to fall



Bank of England rate forecast



Market forecast uses Sonia Futures
Source: Macrobond, 15.11.24

Bond portfolio characteristics:

Yield = 5%

Duration = 8 years

Spread = 0.8%

as at 30 September 2024

Forecasts are not a reliable indicator of future performance and may differ to actual performance achieved.

Our social impact bonds

Eight broad categories, more than 50 issuers held



Charitable enterprises



Education and student housing



Government social housing partnerships



Housing associations



Public transport



Renewable energy infrastructure



Green, social and sustainability (GSS)

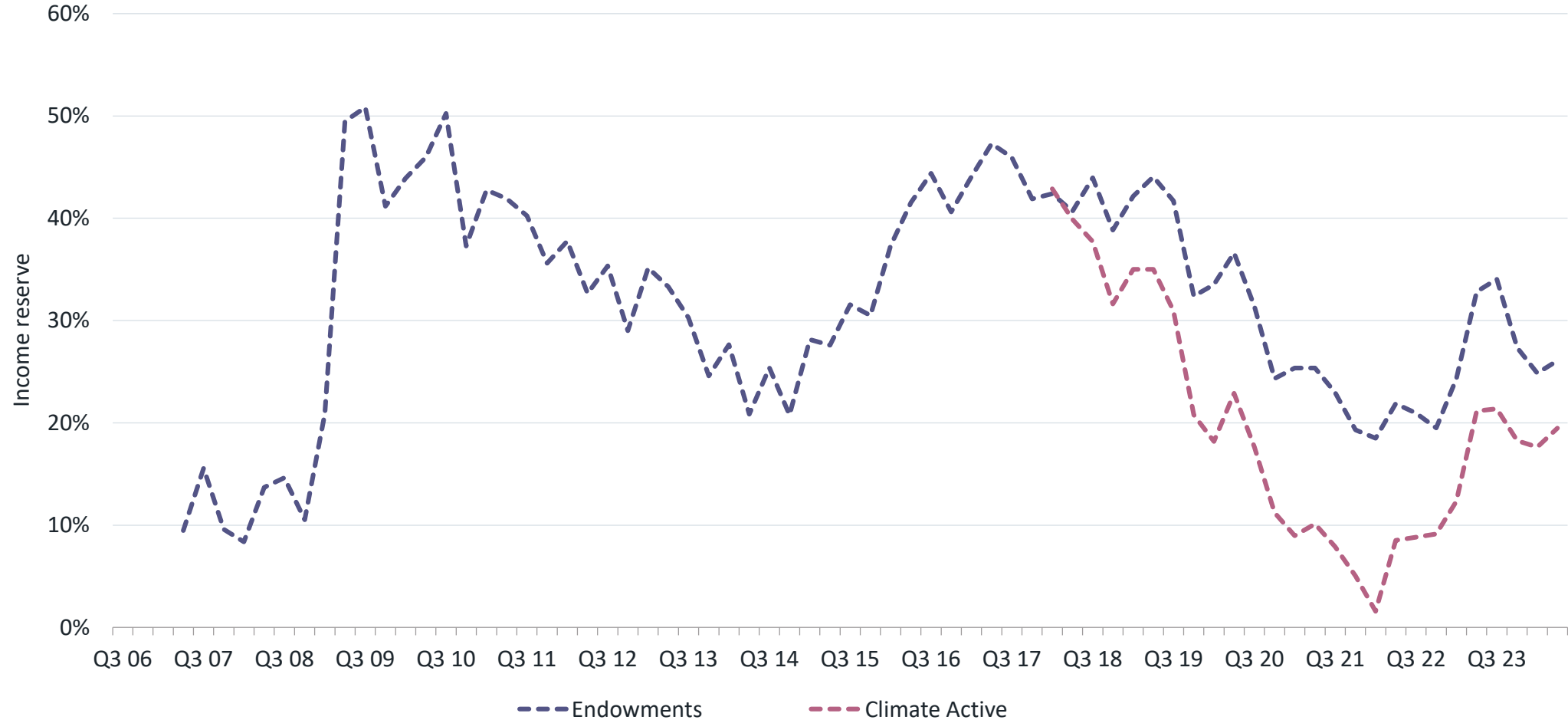


Not for profit and mutuals

Income reserve of the Endowments funds likely to be exhausted shortly

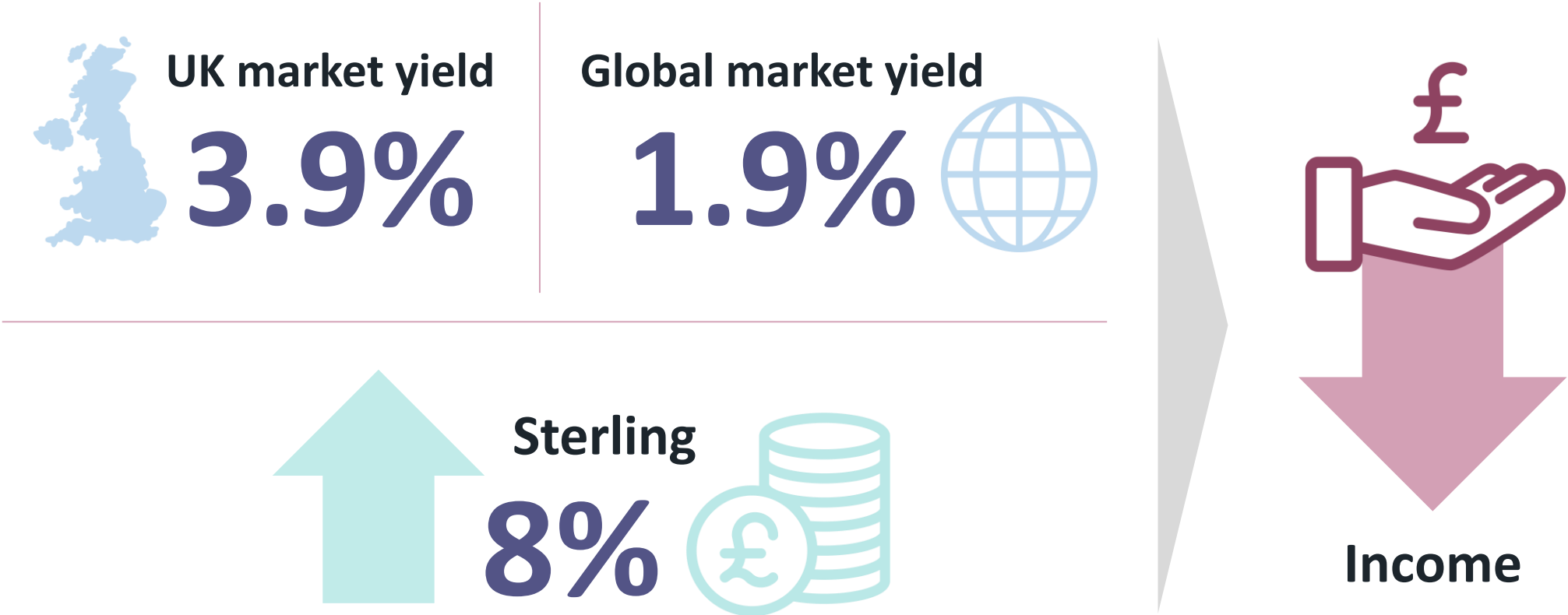


Income reserve as a percentage of annual distributions



Source: Sarasin and Partners as at 30 September 2024

Income receipts lower against a backdrop of strong total returns



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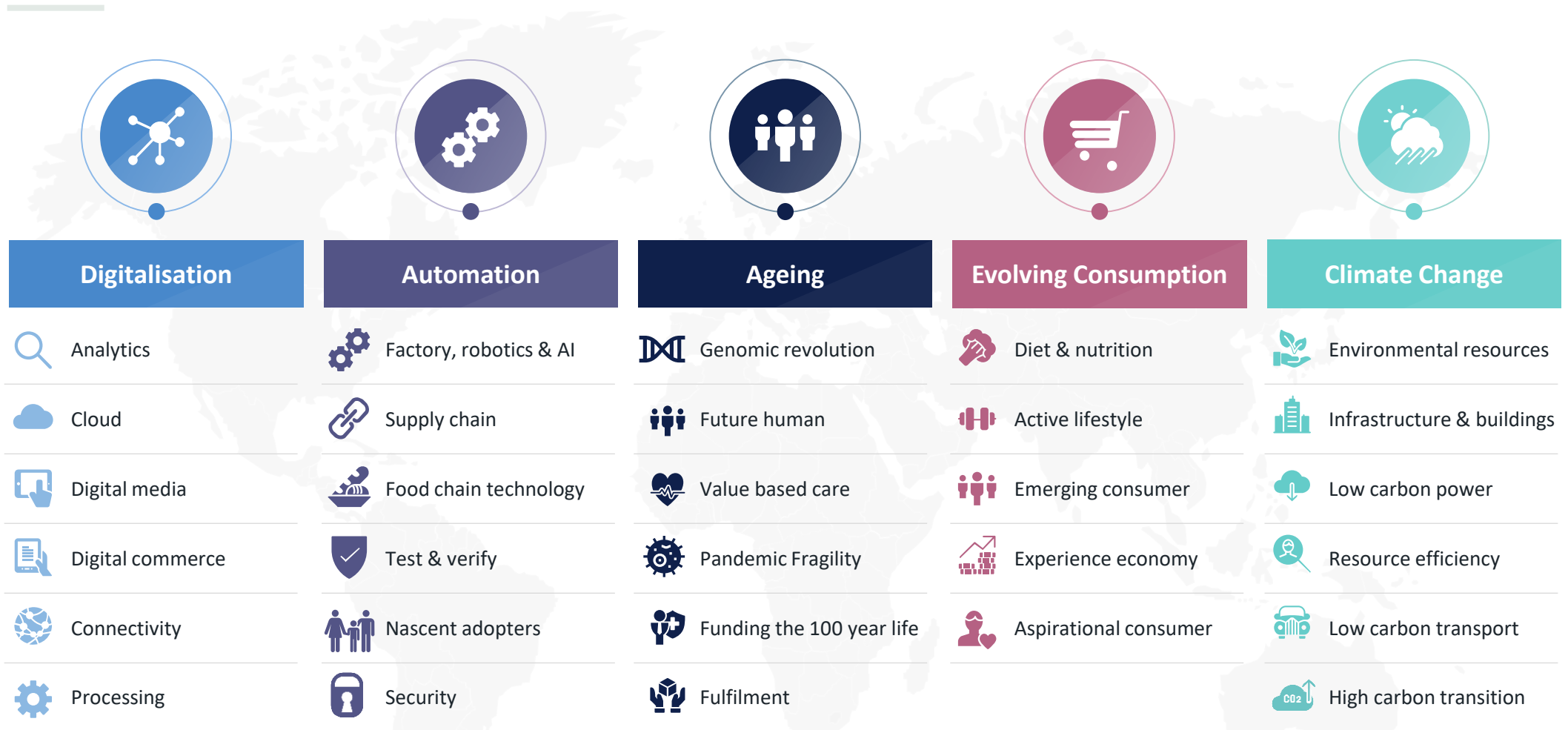
Focus on equities

Phil Collins

CIO, Multi-asset

Long-term investment themes

Our mega and sub-themes that capture the sources of enduring growth



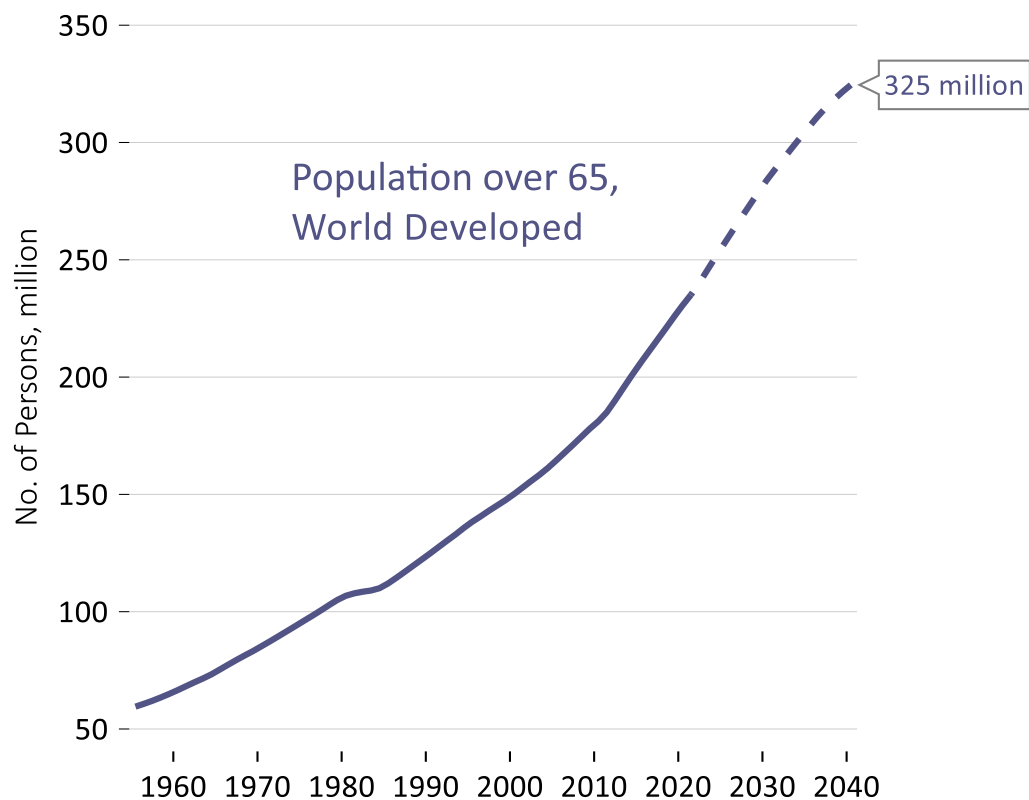
Investment themes leading to companies with enduring long-term businesses

Ageing theme



Sharply rising old age dependency

Population over 65, World Developed



Source: Macrobond, 15.11.24

Increased healthcare spend

Amgen

Eli Lilly

Merck

Siemens Healthineers

Takeda

UnitedHealth

Saving for retirement

Blackrock

Partners Group

Automation theme



Manpower being replaced by robot power

Deere

Keyence

Otis

Siemens

Thermo Fisher



Evolving Consumption theme



Brand adoption

Colgate-Palmolive

Compass

EssilorLuxottica

Givaudan

L'Oréal

Bargain hunters

Costco

Serving the customer

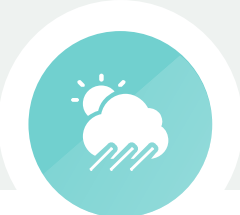
Home Depot

Prologis

Zoetis



Climate Change theme



Increased climate awareness prompts significant shifts in capital flows

Air Liquide

Linde

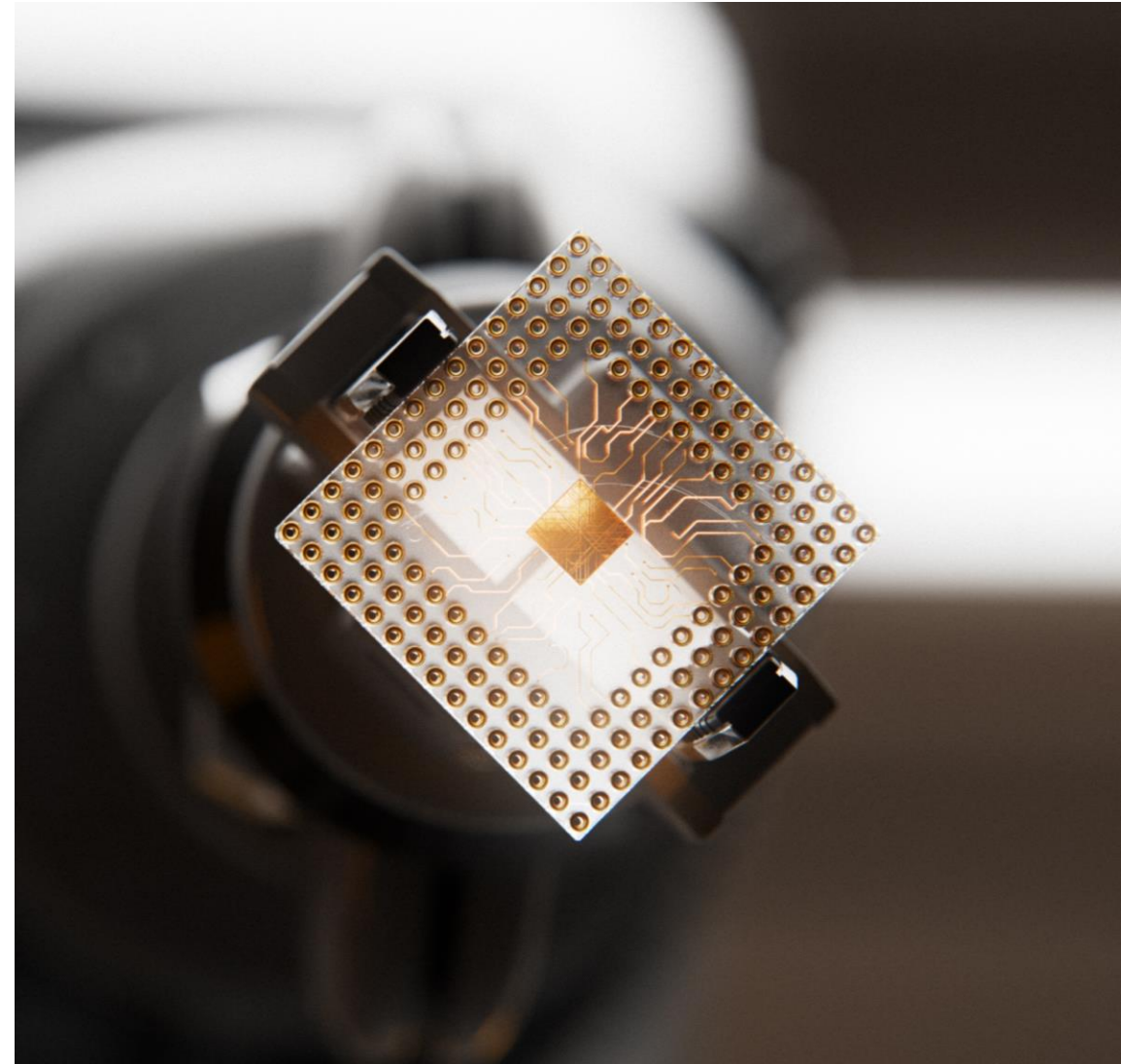
Tetra Tech



Digitalisation theme



Analytics	
Accenture Moody's	Digital Media
	Apple Alphabet Meta Platforms
Cloud & Connectivity	
Fortinet Microsoft American Tower	Processing
	ASML Broadcom Nvidia TSMC
Digital Commerce	
Amazon Mastercard MercadoLibre	













Top 10 equities

Absolute positions



Top absolute 10 equity holdings (%)

Top 20 holdings represent 56% of total equity











Security	Theme	Holding
Apple	 Digitalisation	5.6
Microsoft	 Digitalisation	4.3
Amazon	 Digitalisation	3.6
Nvidia	 Digitalisation	3.6
JPMorgan	 Sustained Income	3.2
Home Depot	 Evolving Consumption	2.9
Compass Group	 Evolving Consumption	2.8
ASML	 Digitalisation	2.7
Mastercard	 Digitalisation	2.6
Siemens	 Automation	2.5

Source: Sarasin & Partners as at 30.09.24.

Top 10 equities

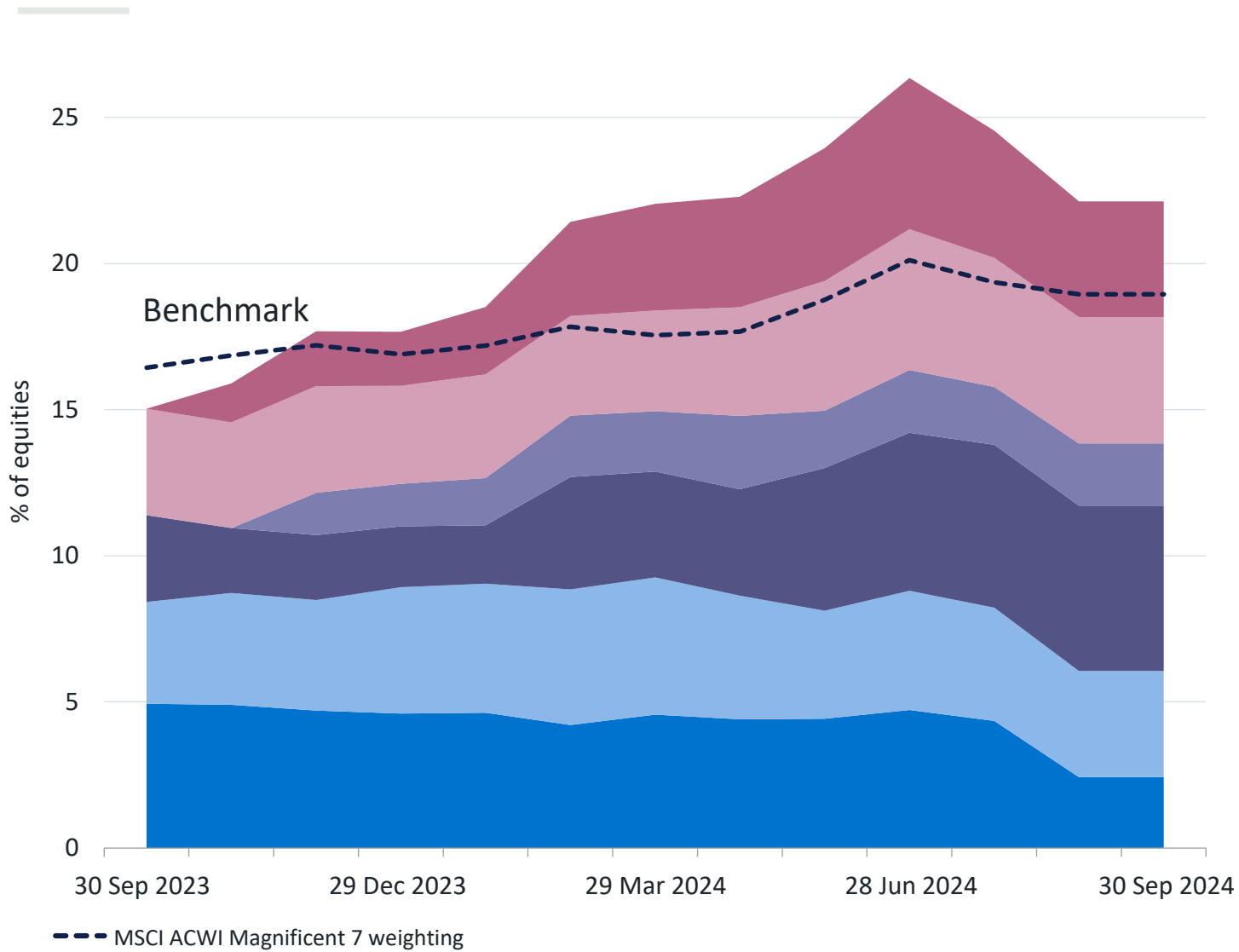
Relative to the index

 Top positions (%) – relative to MSCI All Countries World

Security	Theme	Relative holding
Compass Group	 Evolving Consumption	+2.7
Zoetis	 Evolving Consumption	+2.4
Home Depot	 Evolving Consumption	+2.4
Siemens	 Automation	+2.3
JPMorgan	 Sustained Income	+2.3
Otis	 Automation	+2.2
Colgate-Palmolive	 Evolving Consumption	+2.2
ASML	 Digitalisation	+2.2
Mastercard	 Digitalisation	+2.1
Partners Group	 Ageing	+2.0

Source: Sarasin & Partners as at 30.09.24.

Magnificent 7 as a proportion of equities



Tesla (not owned)	-5%
Nvidia	+154%
Microsoft	+25%
Meta	+74%
Apple	+24%
Amazon	+33%
Alphabet	+16%

Source: Sarasin & Partners, 30.09.23 to 30.09.24. Figures on right are total return over that period.

Taken profits in Semiconductors

ASML

bought in 2010

+4,350%

TSMC

bought in 2016

+773%

Broadcom

bought in 2019

+633%

Nvidia

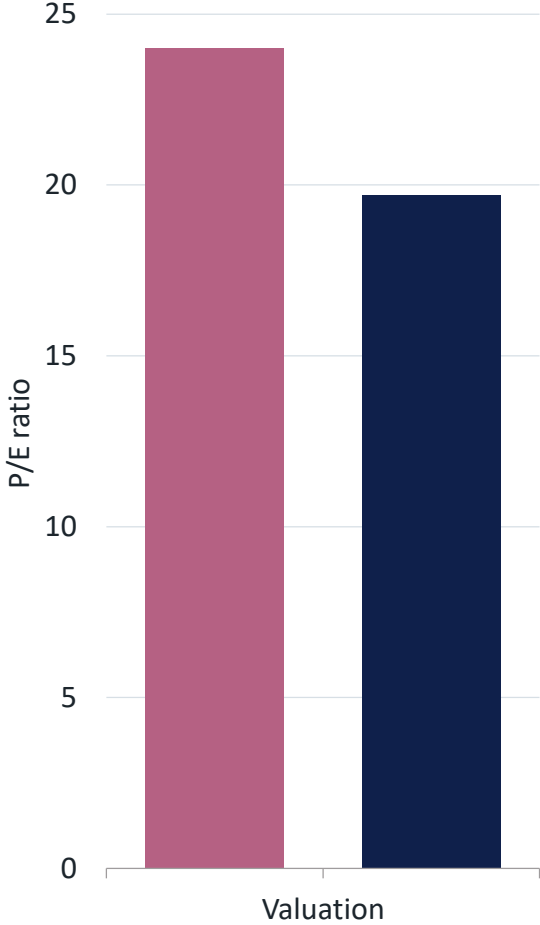
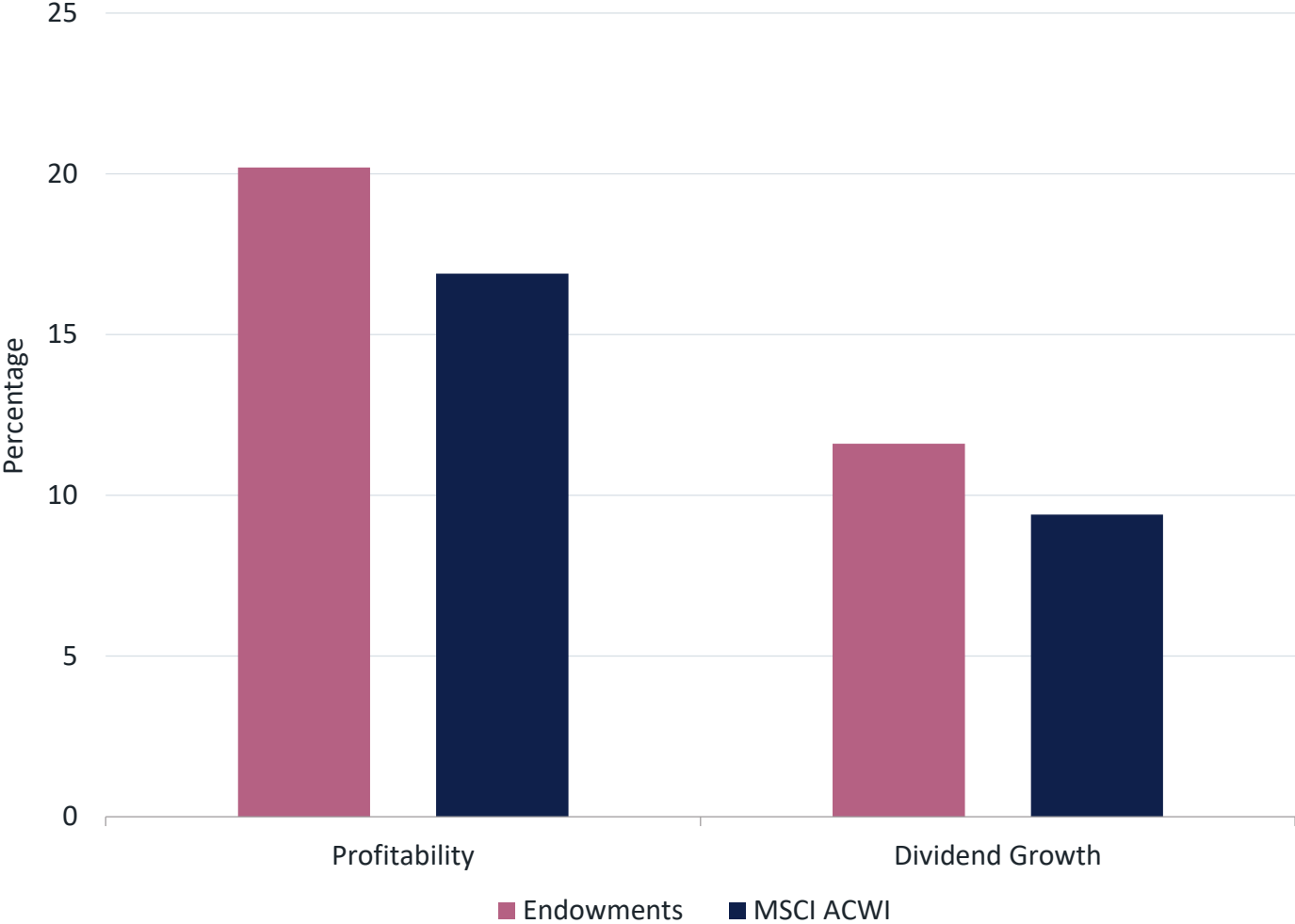
bought in 2023

+167%

Past performance is not a reliable indicator of future results and may not be repeated.

Source: Bloomberg. Total return since purchase to 30.09.24.

Equity portfolio characteristics



Source: Sarasin & Partners, 30.09.24.

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Stewardship at Sarasin

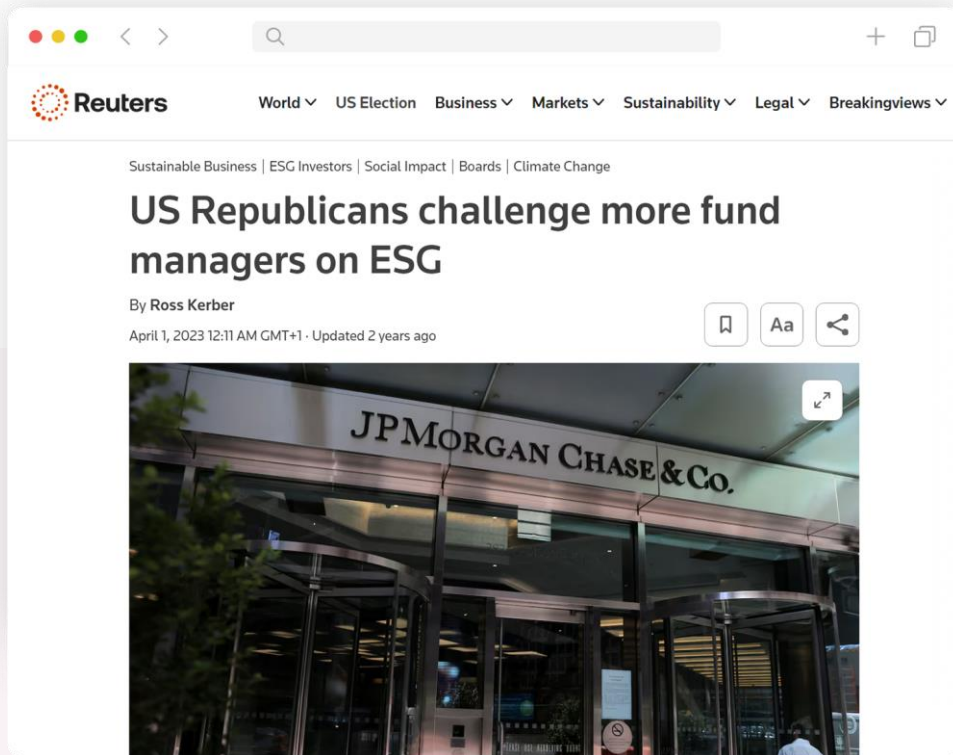
Natasha Landell-Mills
Head of Stewardship



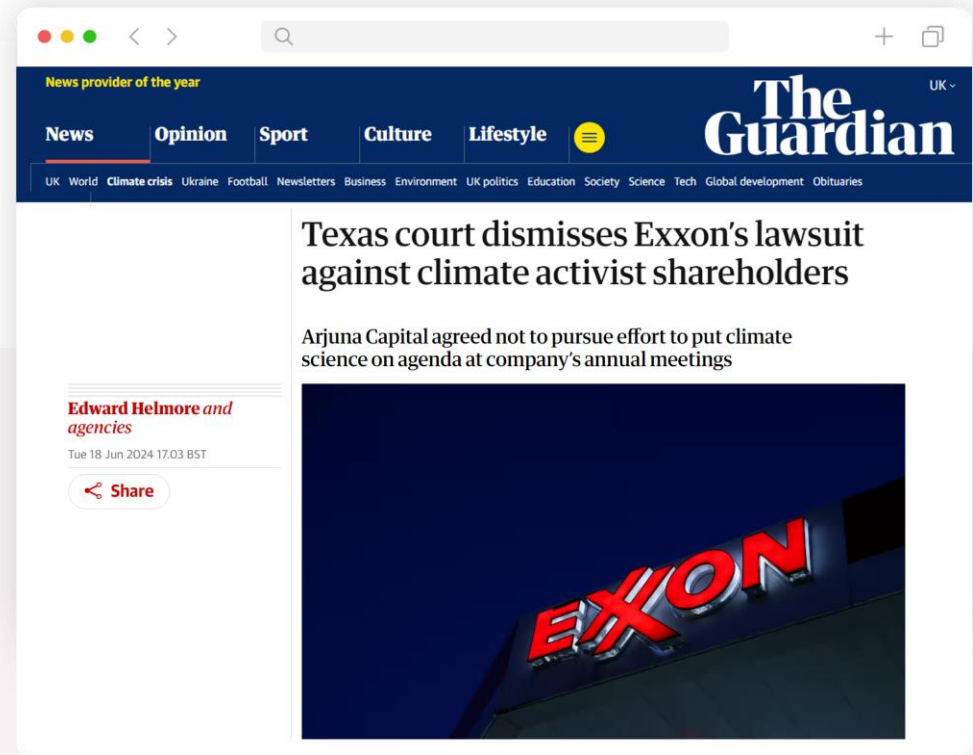
**Only when the tide
goes out do you
discover who's been
swimming naked.**

—Warren Buffett

US anti-woke campaigns have left their mark

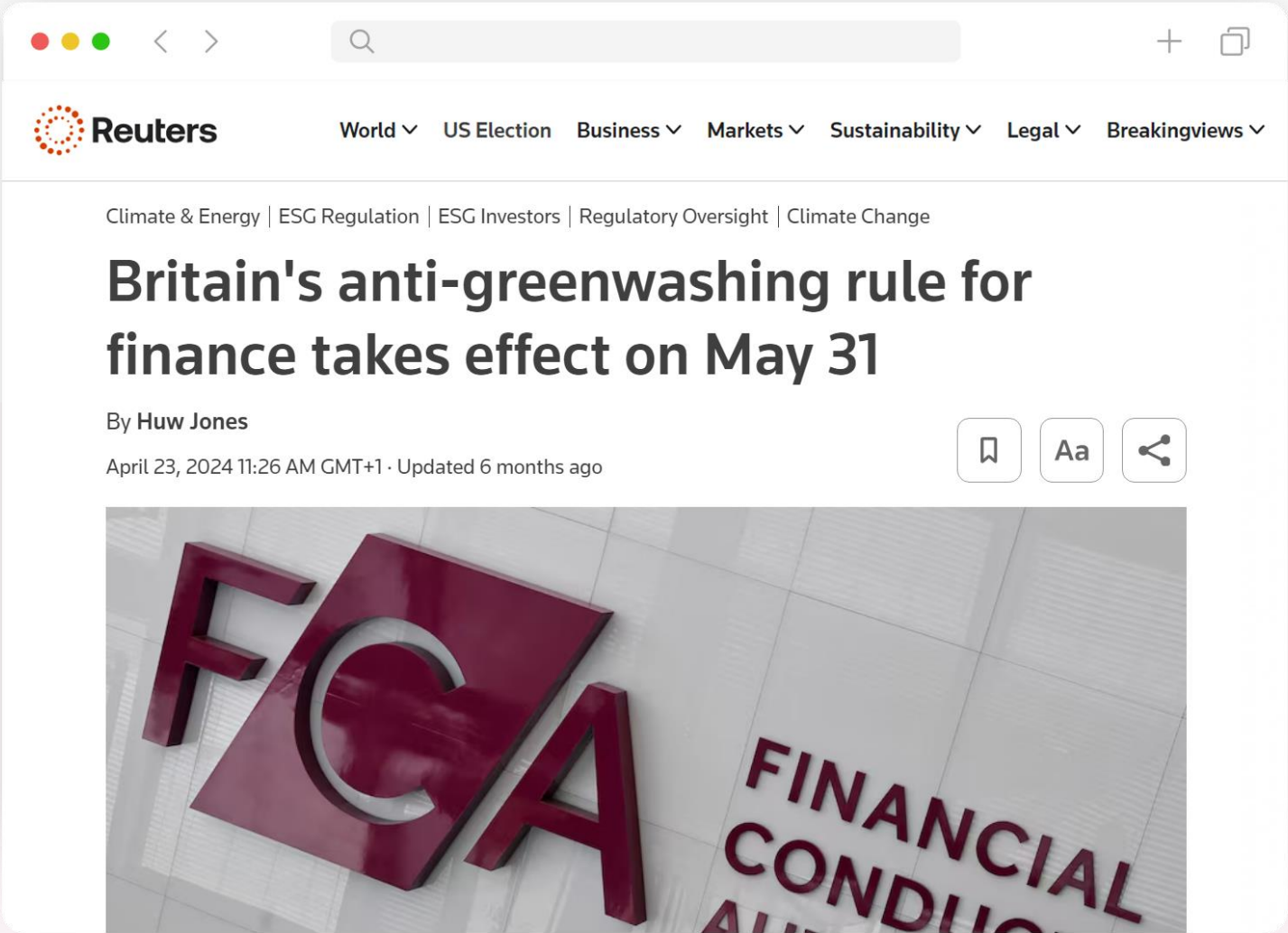


Source: Reuters, 1 April 2023, www.reuters.com/business/sustainable-business/us-republicans-widen-challenge-fund-managers-esg-2023-03-31/



Source: Guardian, 18 June 2024, www.theguardian.com/us-news/article/2024/jun/18/exxon-activist-investor-arjuna-lawsuit

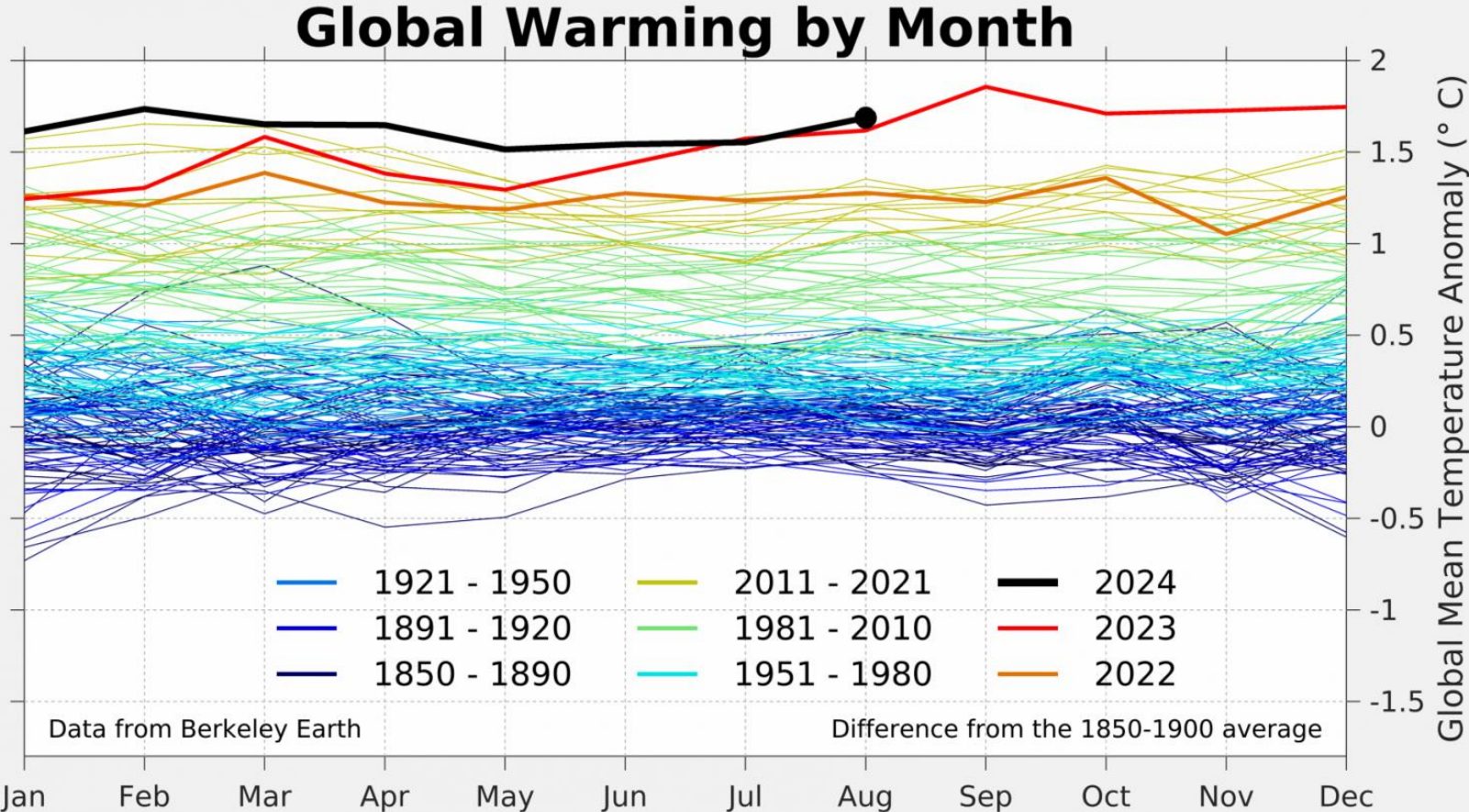
Europeans and UK tackle greenwash



Source: Reuters, 1 April 2023. <https://www.reuters.com/sustainability/sustainable-finance-reporting/britains-anti-greenwashing-rule-finance-start-may-31-2024-04-23/>

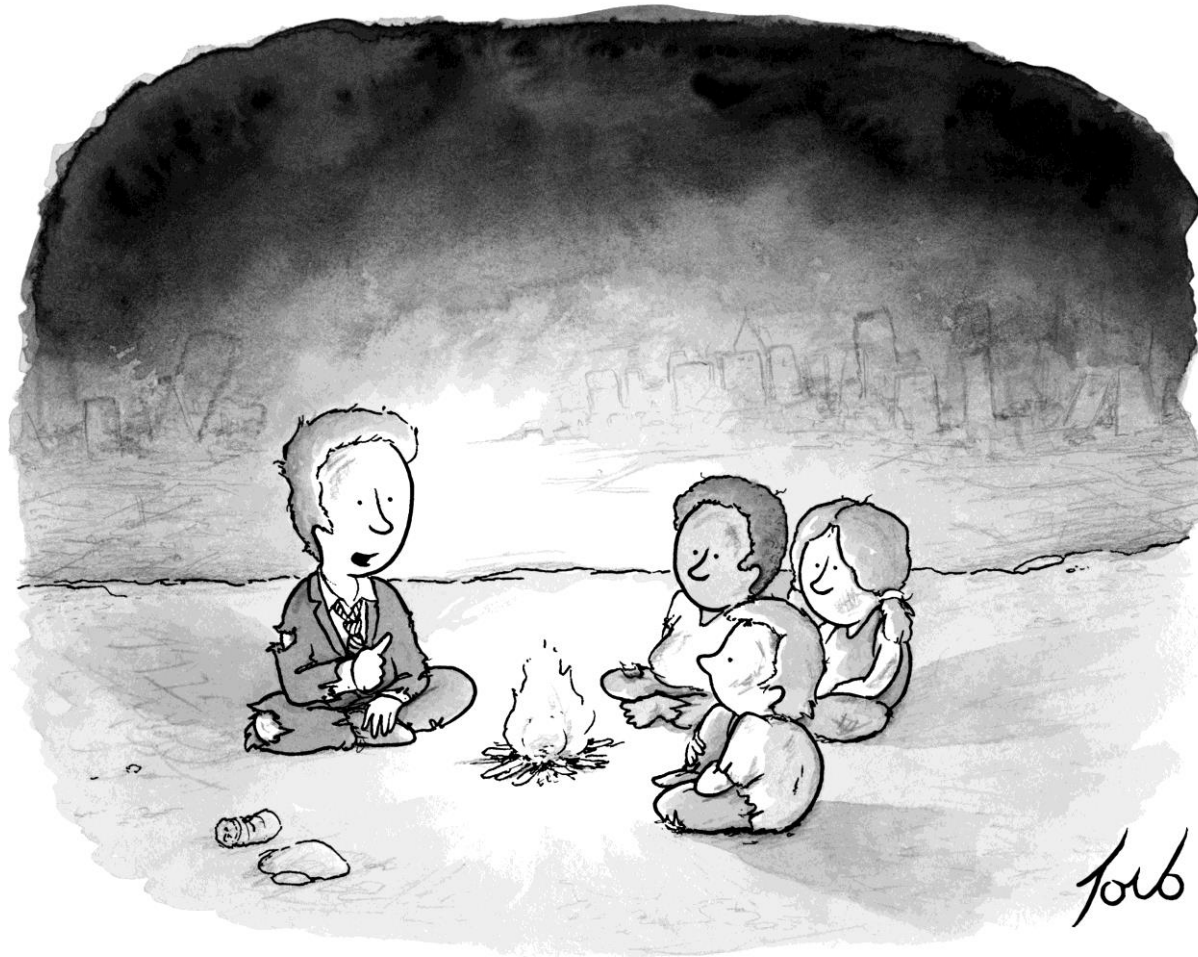
The natural capital crisis is not going away

With far-reaching consequences for social welfare



Source: Berkeley Earth, <https://berkeleyearth.org/august-2024-temperature-update/>

Short-termism is the primary risk to long-term returns



“Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders.”

Source: CartoonStock, <https://www.cartoonstock.com/cartoon?searchID=CC137952>

A close-up photograph of a plant stem, likely a grass or reed, covered in small, glistening dew drops. The stem is dark and slender, extending from the bottom right towards the top center. The background is a soft, out-of-focus mix of warm colors, including shades of purple, pink, and orange, suggesting a sunrise or sunset setting. The overall mood is serene and natural.

Sarasin's stewardship philosophy:

Through integrated ESG considerations, active ownership and impactful policy outreach, we aim to improve financial outcomes for our clients and help secure tomorrow.

Equinor – a potential transition leader

Equinor is 67% owned by the state, a signatory to the Paris Agreement

Shareholder backing

**“The state expects
...that the company sets
targets ...in line with
the Paris Agreement”**

—Norwegian Ministry for Trade, Industry
and Fisheries, statement at Equinor’s 2023 AGM

Equinor commitment

**“Our new, strengthened
ambition ...consistent
with the goals of the
Paris Agreement and
a 1.5 degree pathway.”**

—Equinor, Energy Transition Plan, 2022

But Equinor is not aligned with a 1.5°C pathway putting long-term capital at risk

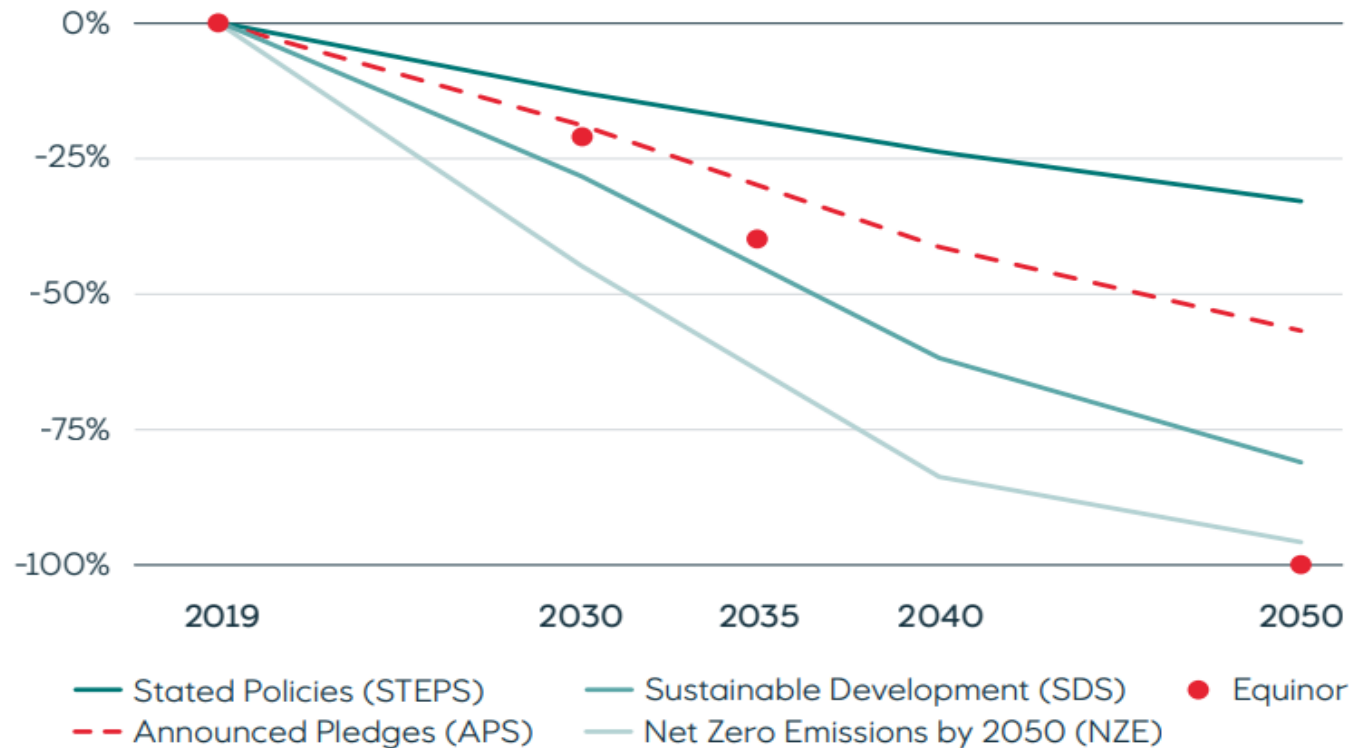
Plans exceed 'well below 2°C' pathway

Equinor NCI (incl. scope 3) ambitions compared to IEA scenarios



Equinor NCI (incl. scope 3) ambitions compared to IEA scenarios

% (g CO₂e/MJ) – Partial substitution method applied



**Capital at risk:
42% hit to
Net Present
Value from 1.5°
C-stress test**

—Equinor, Annual Report 2023

Source: Equinor, "Transition Plan", 2022

Equinor – recent actions, progress and next steps

Engaging since 2020: Board and Norwegian Government

2020-2023

Key actions

- Intensive engagement with Equinor, auditor and Government
- Letter to Norway's PM seeking support

KEY IMPACTS / MILESTONES

- **2022 Transition Plan** with 2050 net zero commitment
- Target for **50% gross capex** to renewables
- **Enhanced visibility** on financial consequences of climate risks
- Govt 2023 **AGM statement**

Jan – May 2024

Escalation to AGM

Actions:

- Outreach to Ministry and Board on draft resolution
- Outreach to investors and proxy agencies
- Market outreach, including financial press

May 2024

Shareholder resolution

Actions:

- Media coverage: FT and Reuters coverage
- Received **32% non-state vote and question in Norwegian Parliament**

Aug – Nov 2024

Transition plan review

Actions:

- Outreach to Ministry and Board proposing Advisory Panel and concern over **1.5°C-alignment claim**
- Rejection from Chair

KEY IMPACTS / MILESTONES

10% stake in Orsted 2024

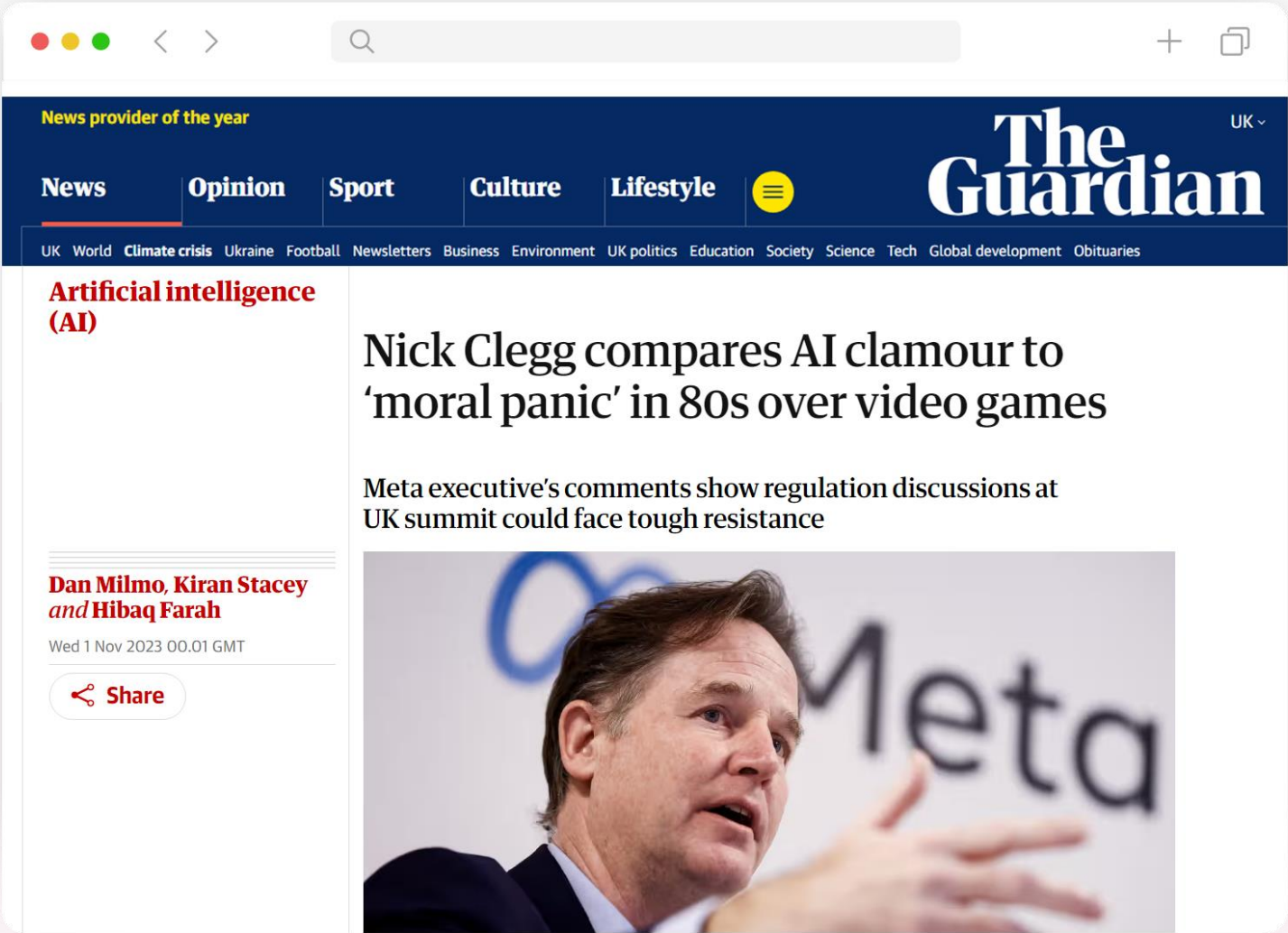
Next steps

Nominate director for Board

Letter to FSA on misrepresentation

If EXIT: Open letter to Chair

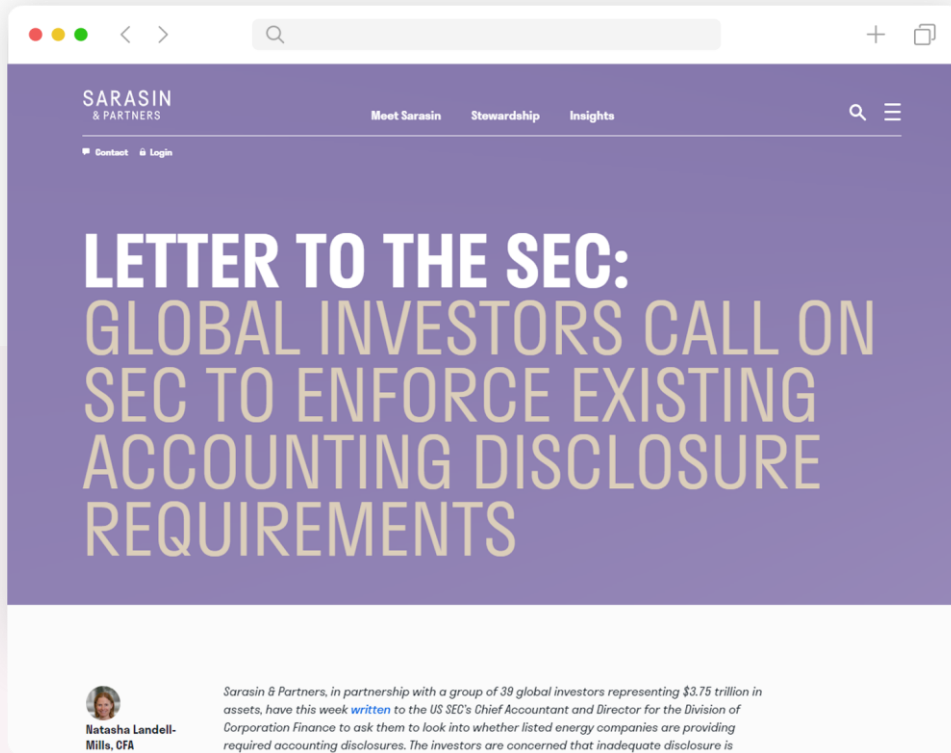
Letter to Meta pressing for ethical AI



Source: Guardian, 1 November 2023. <https://www.theguardian.com/technology/2023/nov/01/nick-clegg-ai-clamour-similar-moral-panic-video-games>


Letter to SEC seeking better accounting disclosures

14 October 2024, **40** investor signatories, **\$3.75** trillion AUM



Source: Sarasin & Partners, 18 October 2024, <https://sarasinandpartners.com/row/stewardship-post/letter-to-the-sec-global-investors-call-on-sec-to-enforce-existing-accounting-disclosure-requirements/>

Source: FT, 18 Oct 2024, <https://www.ft.com/content/11a1ddf0-570d-4a87-bfff-897e267fd31f>



**Our lives begin
to end the day we
become silent about
things that matter.**

—Martin Luther King Jr.



Sarasin global strategy
Regime change in Washington

Guy Monson

Senior Partner, Chief Market Strategist

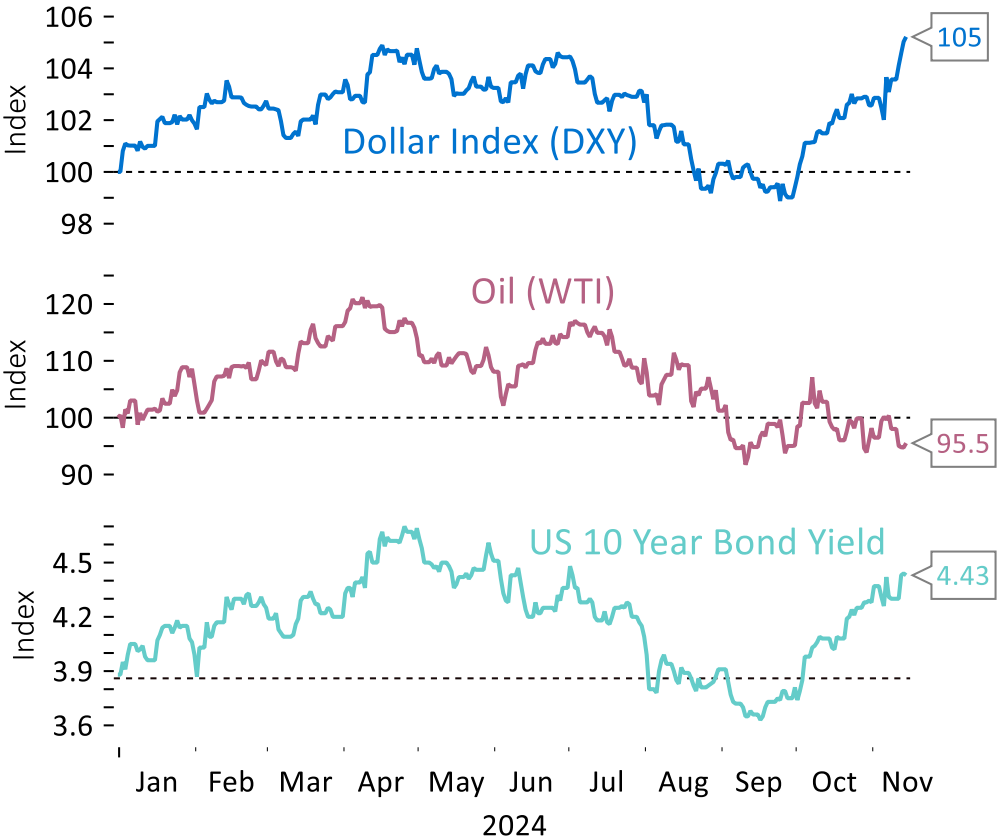
Trump policy and global market returns



Asset returns 2024 – Trump impact already clear



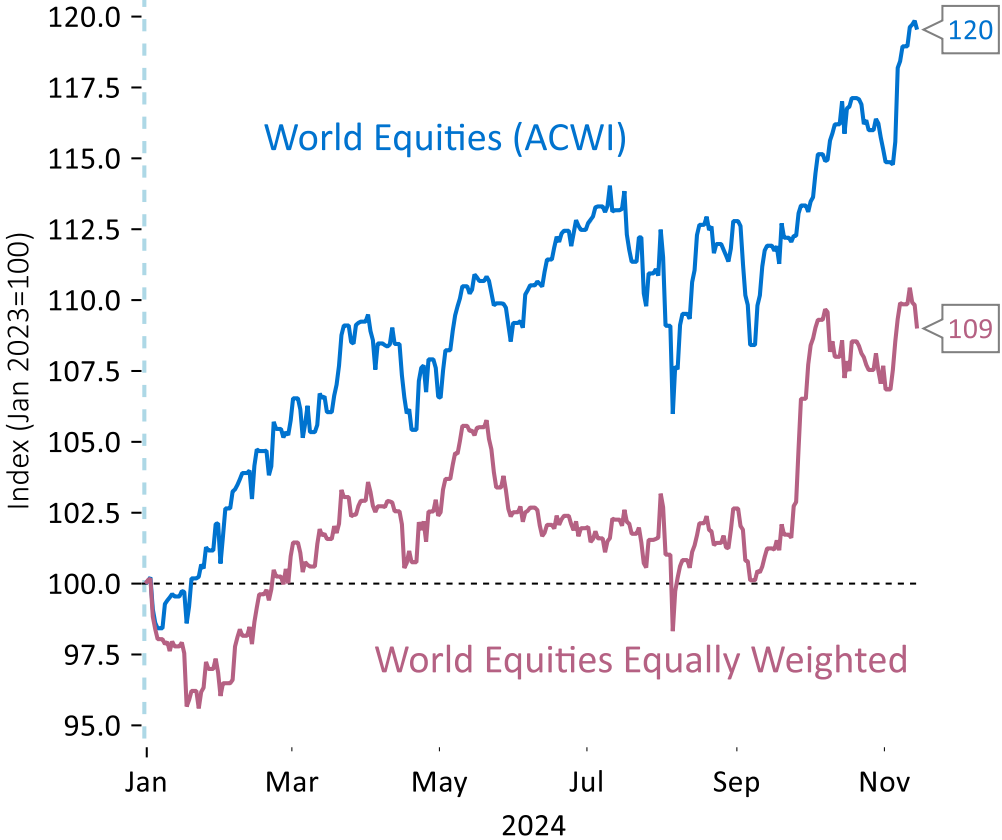
Asset class performance 2024 to date



Source: Macrobond, 15.11.24
WTI – West Texas Intermediate



Markets rally on Trump win – led by US domestic/small-cap



Source: Macrobond, 15.11.24

Past performance is not a reliable indicator of future results and may not be repeated.

US Election: regime change in Washington

The new administration	<ul style="list-style-type: none">• Strong mandate with red sweep (Republican House likely) and a majority of the popular vote.• Clearly a pro-business and pro-innovation administration – Trump transition team very competent.• US will become ‘extractive’ with all trading partners. It can extract concessions from suppliers as largest consumer market, and from buyers by virtue of controlling technology and defense markets.• Immigration will fall – may be some deportations.
Tariffs and trade	<ul style="list-style-type: none">• Administration will aim to punish China for not delivering on original Phase One trade agreement.• Trump unhappy with European policy – tariff levels could be higher than expected.
Tax	<ul style="list-style-type: none">• Tax cuts will be extended from Tax Cuts and Jobs Act (TCJA) – climate-linked tax credits (IRA) to be reduced.• Corporate tax likely cut from 21% to 15-18%.• Aim for neutral budget spend after tariff revenues and Elon Musk-led government cost cutting.
Deregulation	<ul style="list-style-type: none">• Oil & gas deregulation – Coal Excise Tax may be cut.• Financial deregulation – likely demotion of Gary Gensler at the SEC and Lina Khan at the FTC.• Trump likely to keep Powell at Federal Reserve till term ends in May 2026.
Risks	<ul style="list-style-type: none">• Inflation from tariff program, tax cuts, and restriction on immigration. Fed higher-for-longer• Deficit rises with tax cut extensions and corporate tax reductions – bond market vigilantes?• Trade War – response from Europe and China to US tariffs risks global trade war.

Source: Sarasin & Partners, November 2024

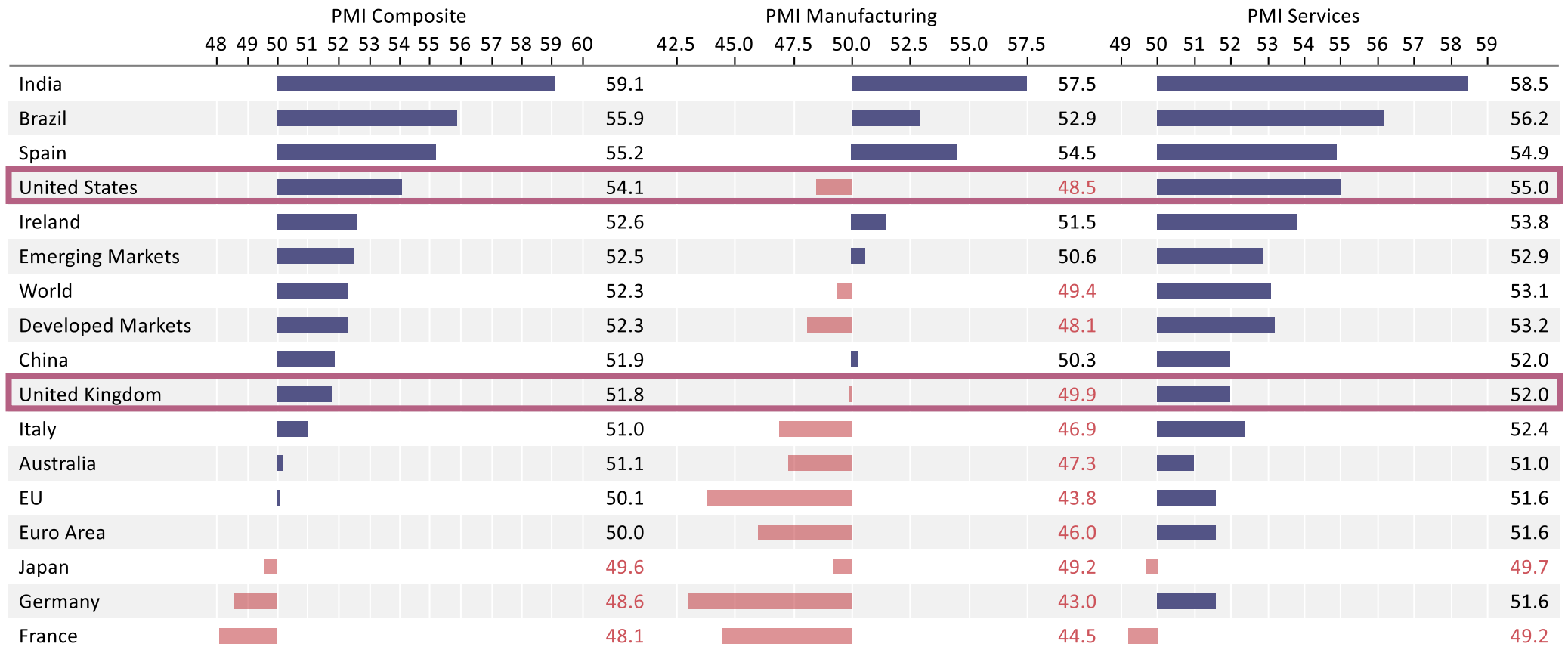
Economics – a soft landing or no landing?

Global business surveys

Services sector strong while manufacturing struggles – US robust even before election



S&P Global – Purchasing managers Index (PMI)



Source: Macrobond, 15.11.24

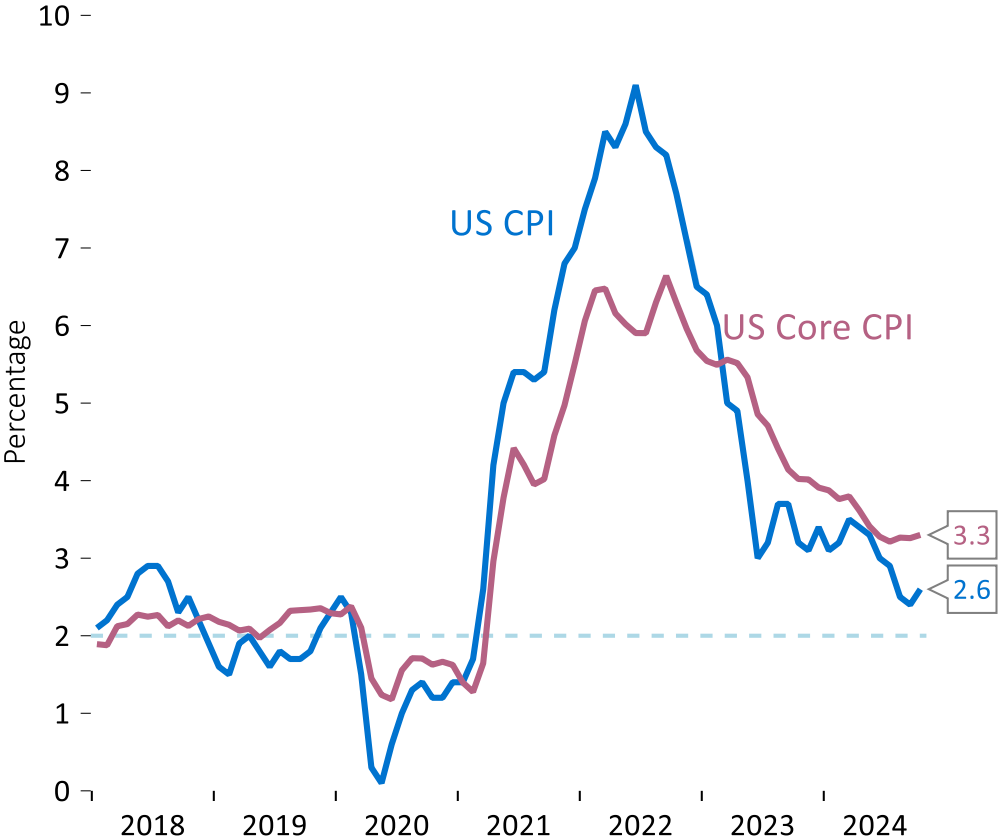
Note: PMI >50 = explains indication of expansion of economy < 50 = explains indication of contraction of economy

Past performance is not a reliable indicator of future results and may not be repeated.

Stickier US inflation may be accentuated by Trump policies

Growth may accelerate – interest rate trajectory likely higher for longer

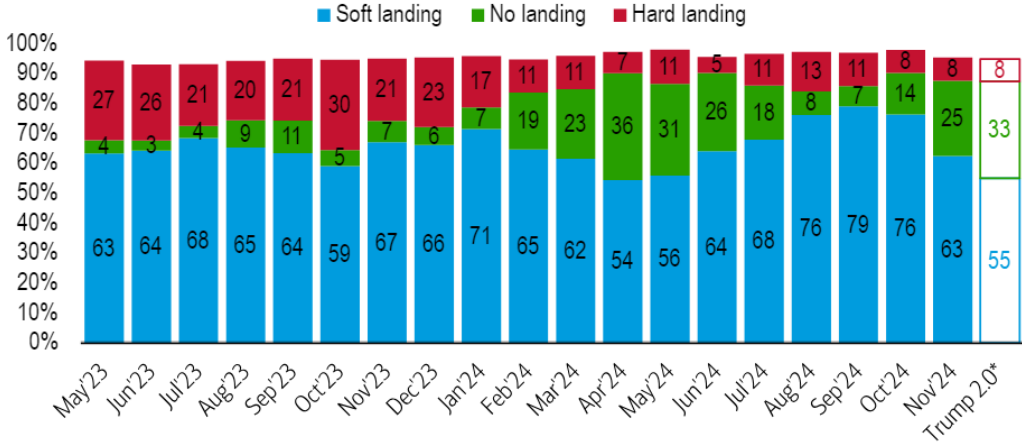
US inflation data (CPI)



Source: Macrobond, 15.11.24

Rising odds of US 'no landing' scenario

Chart 5: 63% say "soft landing," 25% "no landing," 8% "hard landing"
 What is the most likely outcome for the global economy in the next 12 months?



Source: BofA Global Fund Manager Survey, November 2024
 *Trump 2.0 indicates only the responses recorded after the US election.

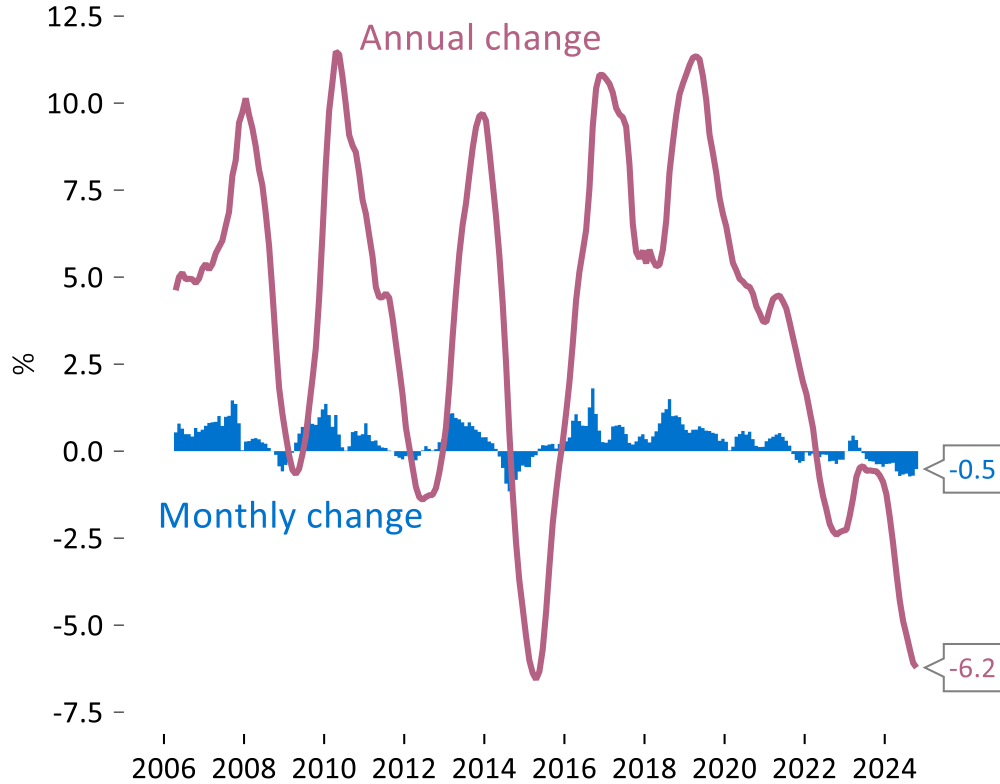
China is struggling to find balance as property prices fall

Government stimulus not sufficient to ensure reflation – exports soar

 **Property prices still declining**

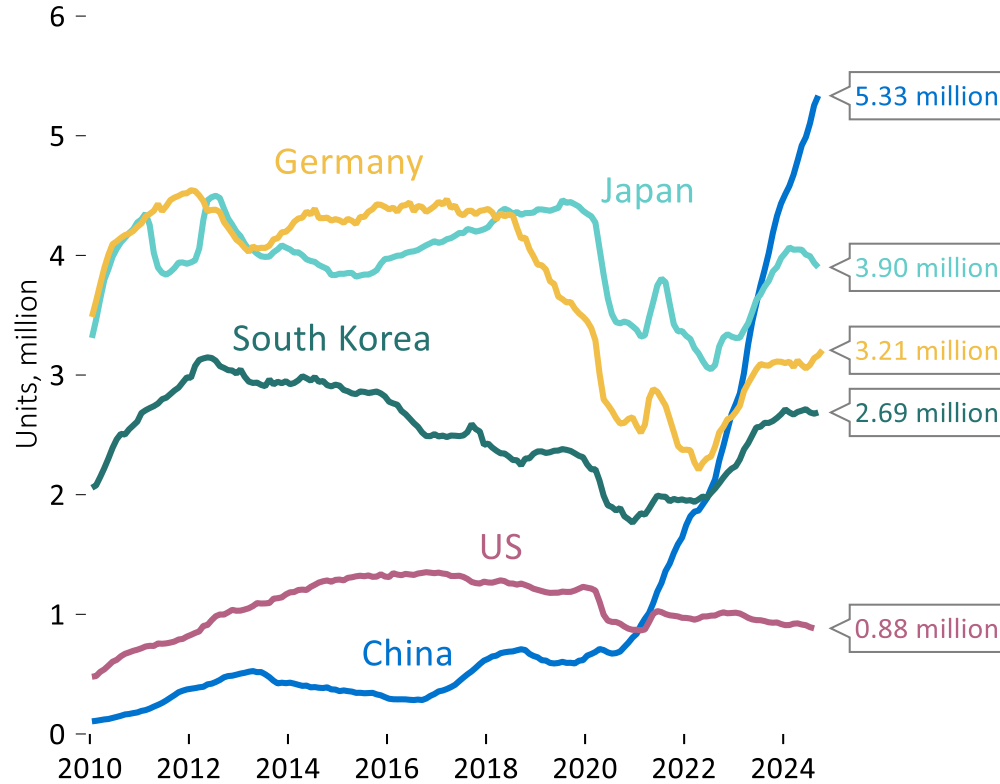
 **China trade surplus nears record US\$1 trillion**

NBS Residential Property Price Index 70 cities



Source: Macrobond, 15.11.24

Exports of Passenger Cars; Rolling 12m sum



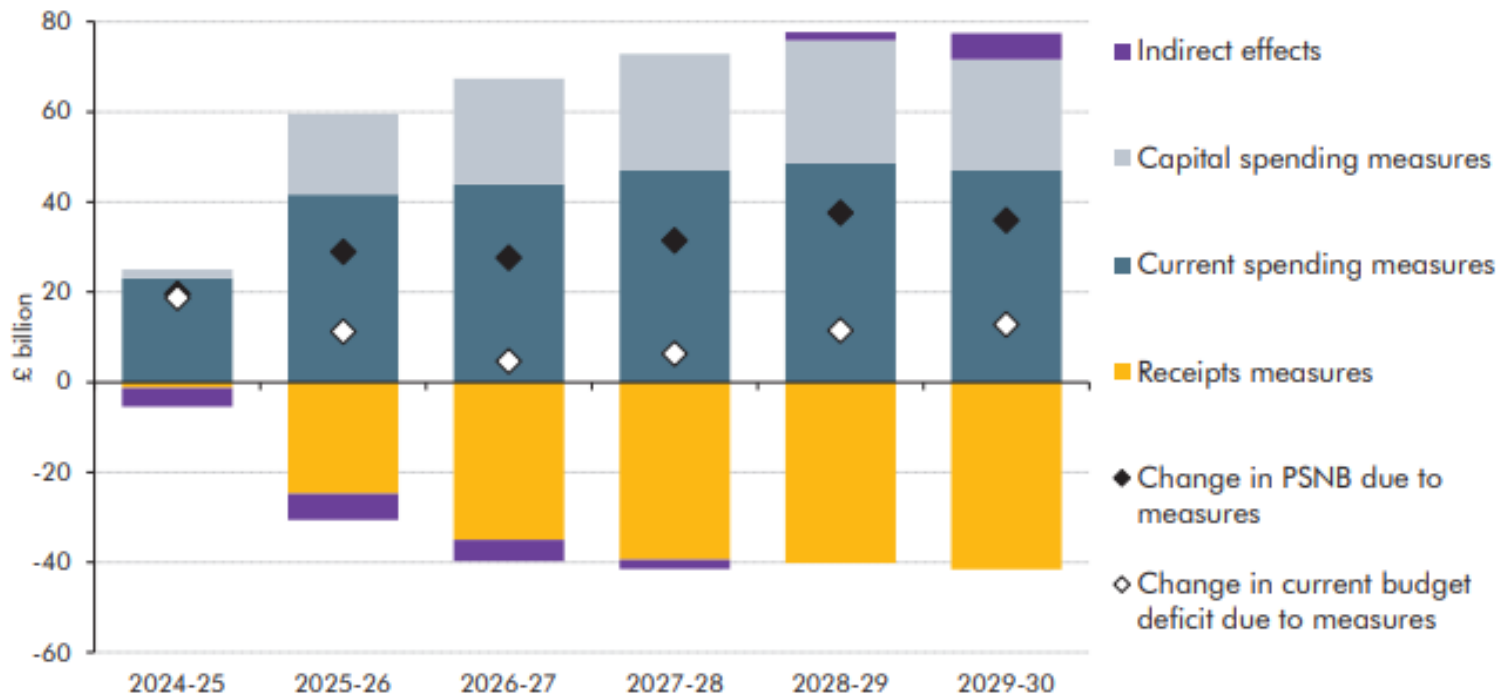
Source: Macrobond, 15.11.24

UK Budget: More spending, taxes and borrowing carries risks

‘One of the largest increases in spending, tax and borrowing of any fiscal event in history’ – OBR



Impact of measures on public sector net borrowing and current deficit



Budget spending policies will add a colossal 2.2% a year of GDP or £69.5 billion – £45 billion on current spending and £24 billion on capital spending

Office for Budget Responsibility, Oct 2024

Source: OBR, October 2023

UK bond market nervous of borrowing and inflation post Budget

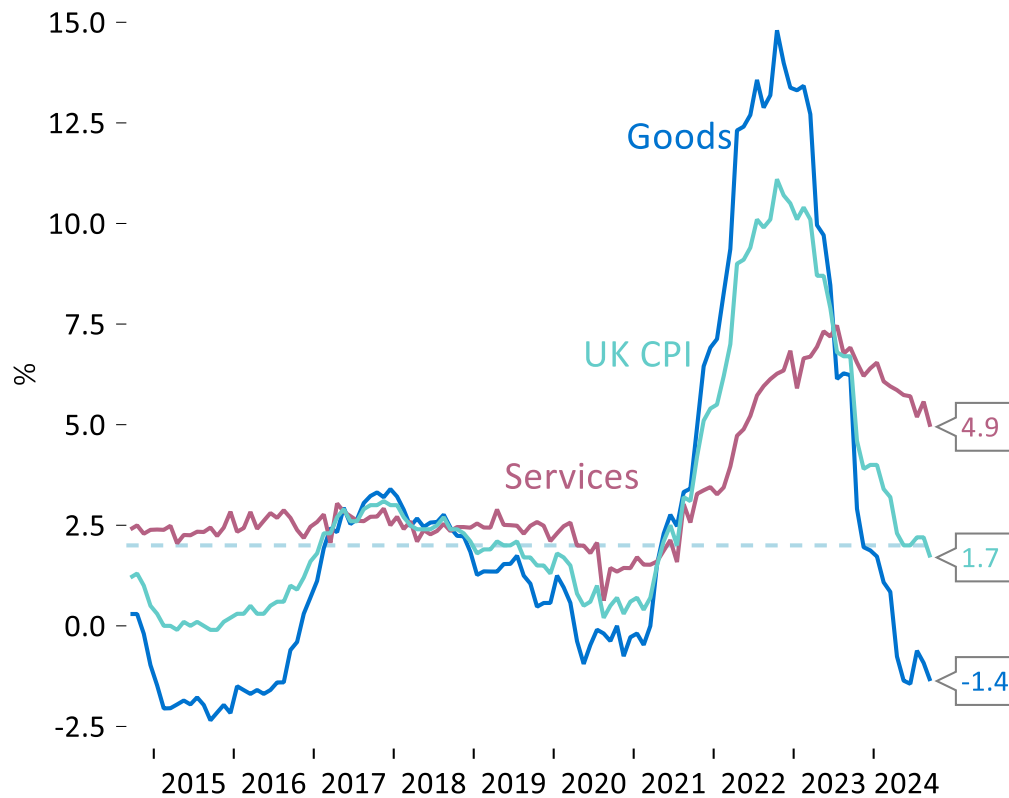


NICS rise and higher min-wage impacts services pricing



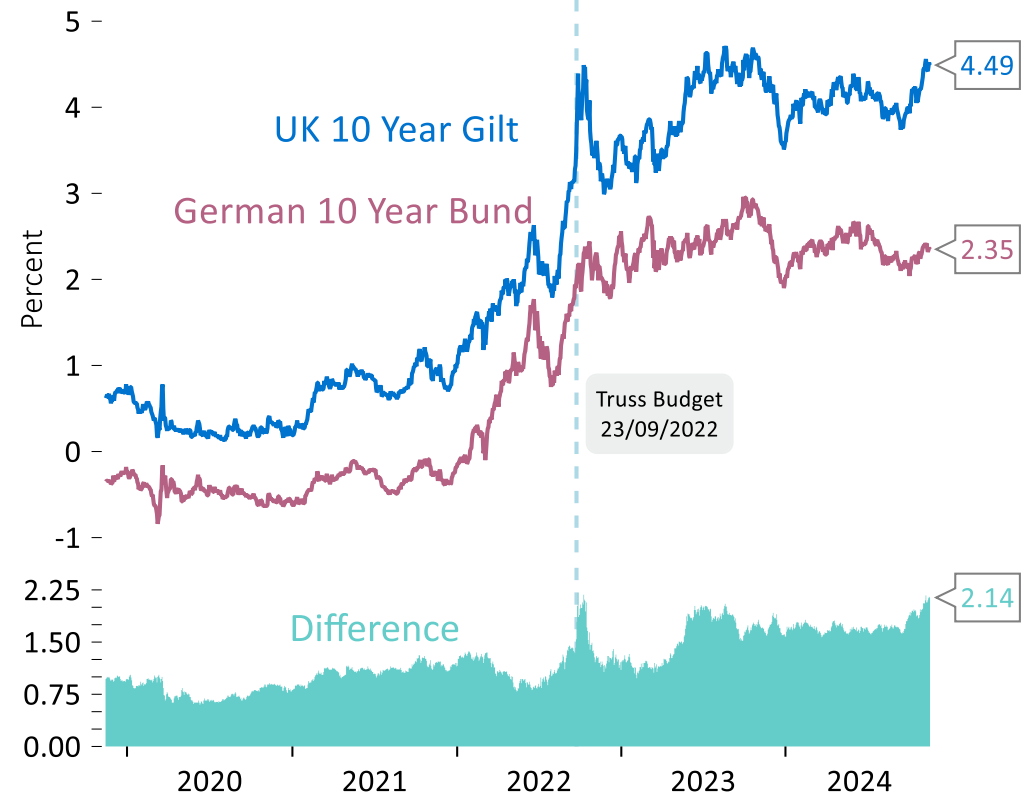
Bond markets vigilantes sending warning to gilt market

UK Inflation Measures



Source: Macrobond, 15.11.24

Government Bond Yields



Source: Macrobond, 15.11.24

Past performance is not a reliable indicator of future results and may not be repeated.

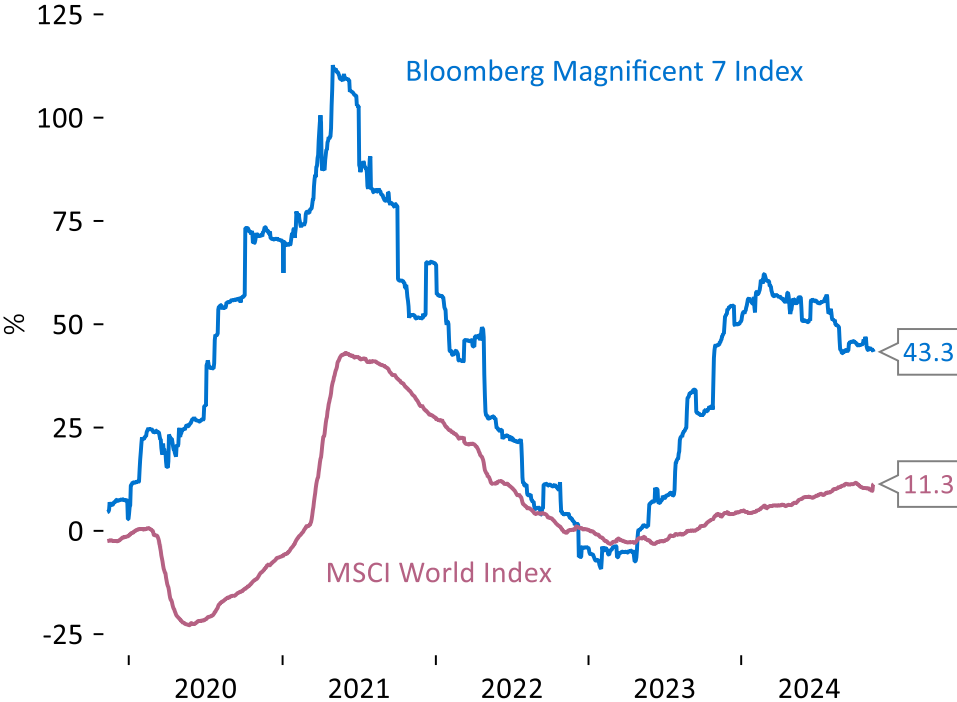
**Beyond AI – can we
achieve an orderly handover
of equity leadership?**

Global earnings and dividend growth still robust

Stronger earnings driving higher dividends and share buy-backs

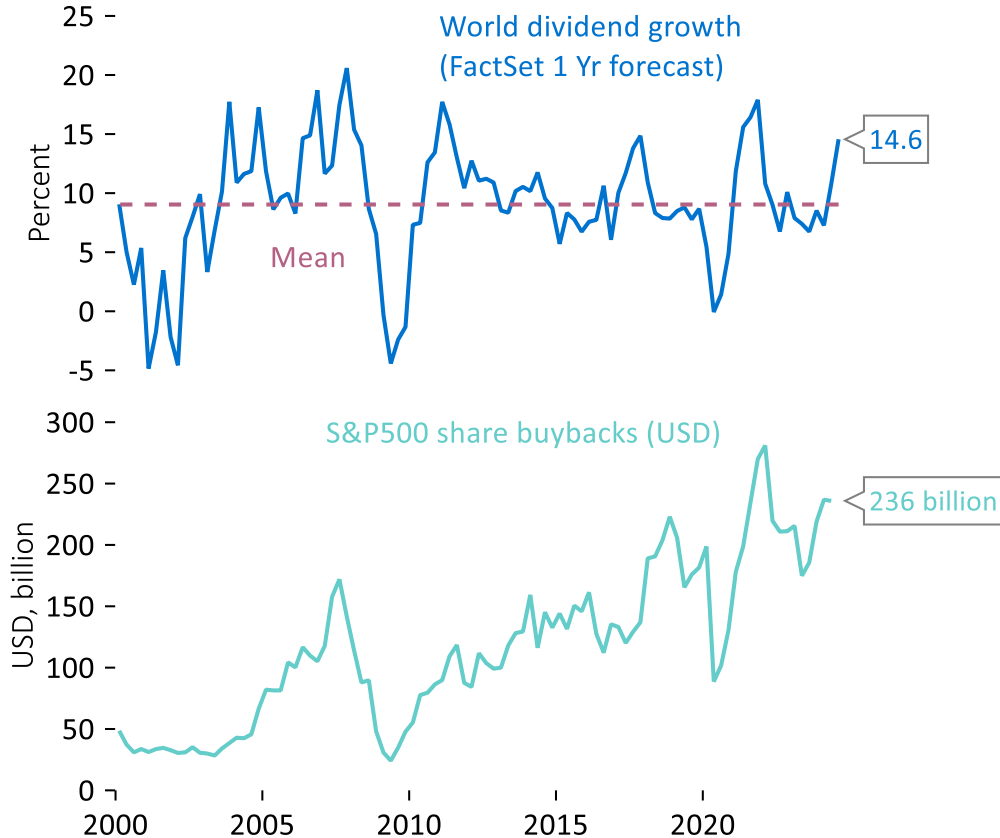
Strong global earnings still led by technology

12 month forward earnings estimates (Bloomberg)



Source: Macrobond, 11.11.24

Global dividend growth and US stock buybacks plentiful



Source: Macrobond, 11.11.24

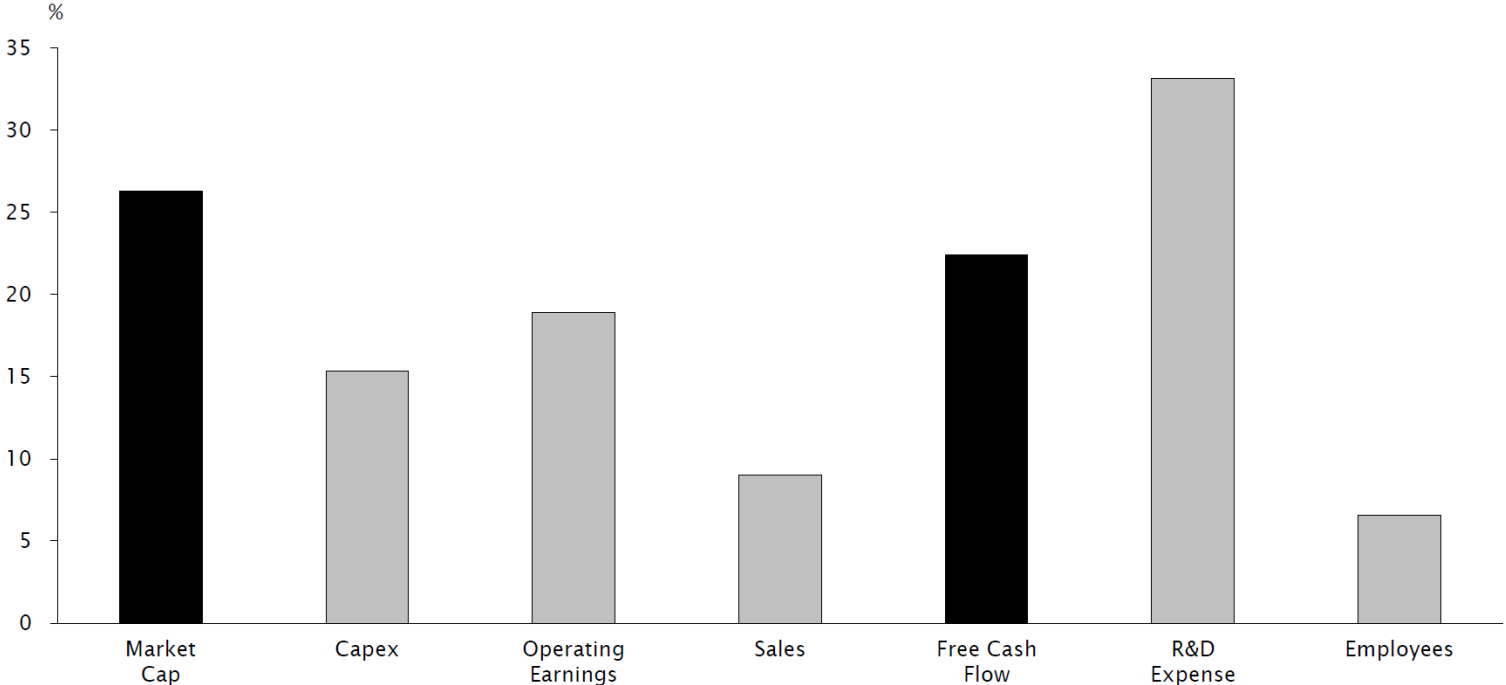
Past performance is not a reliable indicator of future results and may not be repeated.

Fundamentals for M7 are still compelling

Magnificent Seven's share of market cap isn't wildly different from their share on other metrics

Magnificent Seven fundamentals as share of S&P500

The Magnificent Seven share of the S&P 500 on select metrics as of August 2024



The Magnificent Seven

Alphabet
Amazon
Apple
Meta
Microsoft
Nvidia
Tesla

Source: Empirical Research Partners Analysis, August 2024

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Risks



Risk 1: Trump administration spending plans

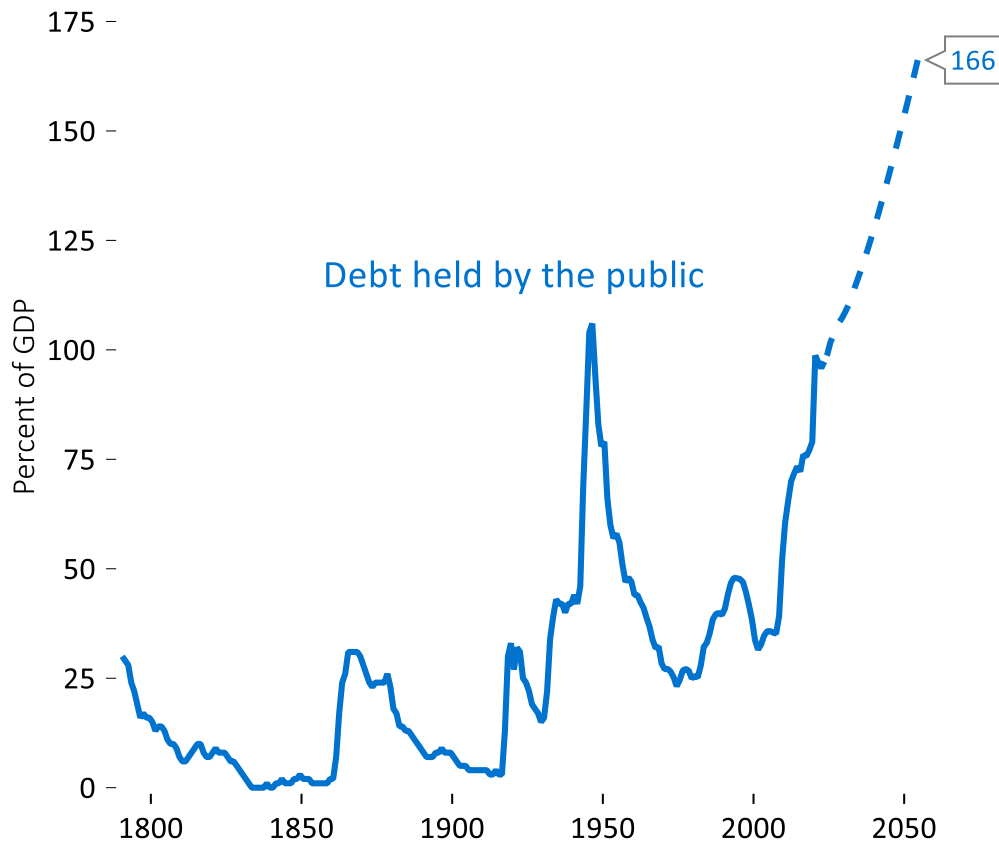
Bond market ‘vigilantes’ might challenge US treasuries as foreign buyers retreat



US deficit forecast to climb above WW2 highs by 2030

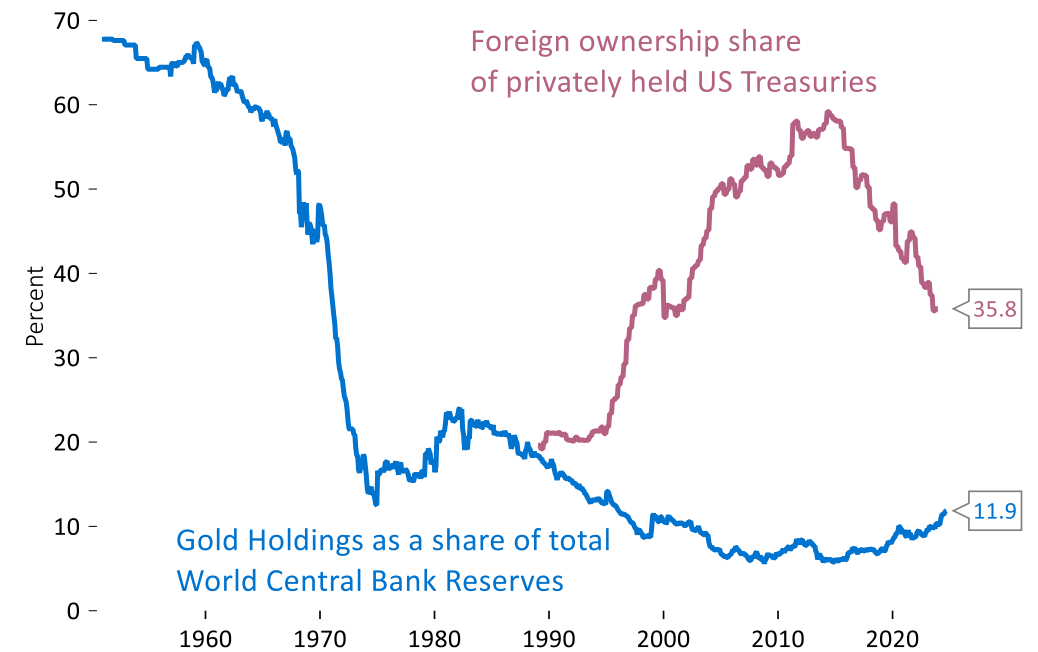


Foreign holdings of US treasuries falling – gold rising



Source: Macrobond, 15.11.24

Holdings of Reserve Assets



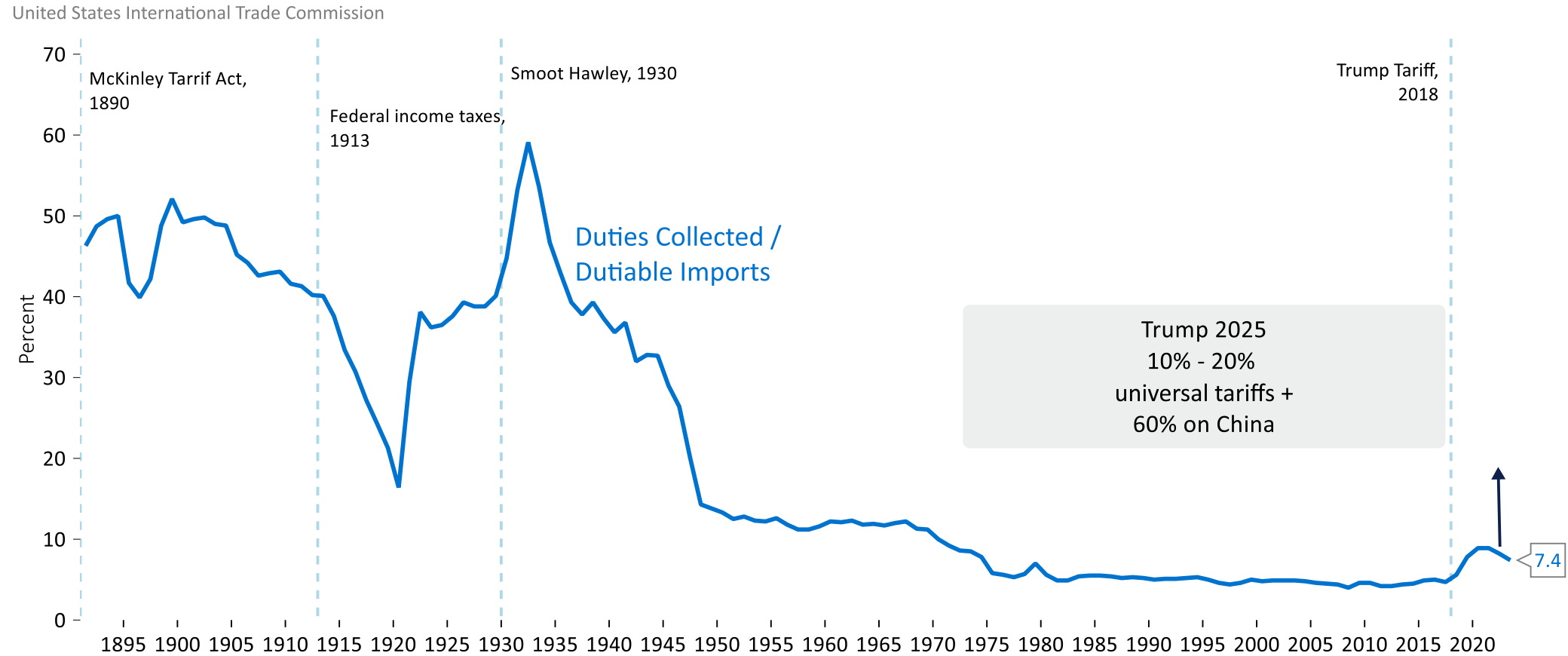
Source: Macrobond, 15.11.24

Republican	Change in GDP	Increase in Debt
10 year change	-0.4%	+9.3%

Source: Sarasin & Partners, Sept 2024/Penn Wharton Budget Model
GDP & Debt projections are changes over 10 year period relative to baseline

Risk 2: A protectionist US invites a global response

Tariff revival under President Trump risks retaliation



Source: Macrobond, 15.11.24

Policy summary

Global Strategy November 2024

Bonds	<p>Underweight/Neutral</p> <ul style="list-style-type: none">• Underweight Govt: Long term yields close to fair value – borrowing levels in US and UK still climbing• Neutral Inv. Grade Credit: Spreads are tight – UK pension fund purchases strong• Duration: Neutral
Equities	<p>Overweight</p> <ul style="list-style-type: none">• Equity: Market leadership broadening – clearly a pro-business and pro-innovation Trump administration• Global Technology – Retain exposure on strong 2025 earnings forecasts & robust AI demand
Alternatives	<p>Neutral</p> <ul style="list-style-type: none">• Neutral Alternatives: Dividend income from renewables and infrastructure attractive as interest rates fall• Overweight Gold: Debt fears across Western economies & EM reserve bank buying (esp. Russia)
Cash	<p>Underweight</p> <ul style="list-style-type: none">• Interest rates have peaked across western markets – sterling continues to appreciate
Risks	<ul style="list-style-type: none">• Trump White House – deficit concerns rattle bond market – higher rates for longer• UK Inflation – gilt market fragile post budget – inflationary impact of labour market changes• Geopolitics – rising risks in a multi-polar world – Trump tariffs trigger global trade war• China deflation worsens – Japan-style property risks – soaring Chinese exports

Source: Sarasin & Partners, November 2024

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Important information

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 in other collective investment schemes, including regulated and unregulated collective investment schemes. Investment in unregulated collective investment schemes carries additional risks as such schemes may, among other things, not be under the regulation of a competent regulatory authority, may use leverage and may carry increased liquidity risks.

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