

SARASIN
& PARTNERS

MPS Strategy Webinar

January 2025

This document is intended for professional investors only. Not for onward distribution.



Agenda

- MPS review of 2024
- Global strategy and outlook
- MPS update post-rebalance








Sarasin Model Portfolio Service

Ben Gilbert, Model Portfolio Manager
Edward Lloyd CFA, Co-Manager



Model Portfolio Service team

Model Portfolio Service team

<p>Ben Gilbert</p>	<p>Edward Lloyd</p>	<p>Emma Collins</p>
		
<p>Model Portfolio Manager, Business Partner Over 15 years' exp.</p>	<p>Senior Investment Manager, MPS Over 6 years' exp.</p>	<p>MPS Administrator Over 25 years' exp.</p>

Key individuals from the investment team

<p>Guy Monson</p>	<p>Subitha Subramaniam</p>
<p>Senior Partner, Chief Market Strategist Over 30 years' exp.</p>	<p>Head of Investment Strategy Group, Chief Economist Over 25 years' exp.</p>

Support and administration

2 Investment managers
2 MPS administrators

<p>Tom Wildgoose</p>	<p>Phil Collins</p>	<p>Mark van Moorsel</p>
<p>Senior Portfolio Manager – Global Equities Over 16 years' exp.</p>	<p>CIO – Multi-Asset Over 38 years' exp.</p>	<p>Portfolio Manager – Fixed Income Over 20 years' exp.</p>

Generating ideas from more than 40 investment specialists

<p>Macro</p>	<p>Global Equities</p>	<p>Fixed Income</p>	<p>Stewardship</p>	<p>Real Estate</p>	<p>Multi-asset</p>	<p>Alternatives</p>	<p>External Funds Committee</p>
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*Source Sarasin & Partners LLP as at January 2025

01

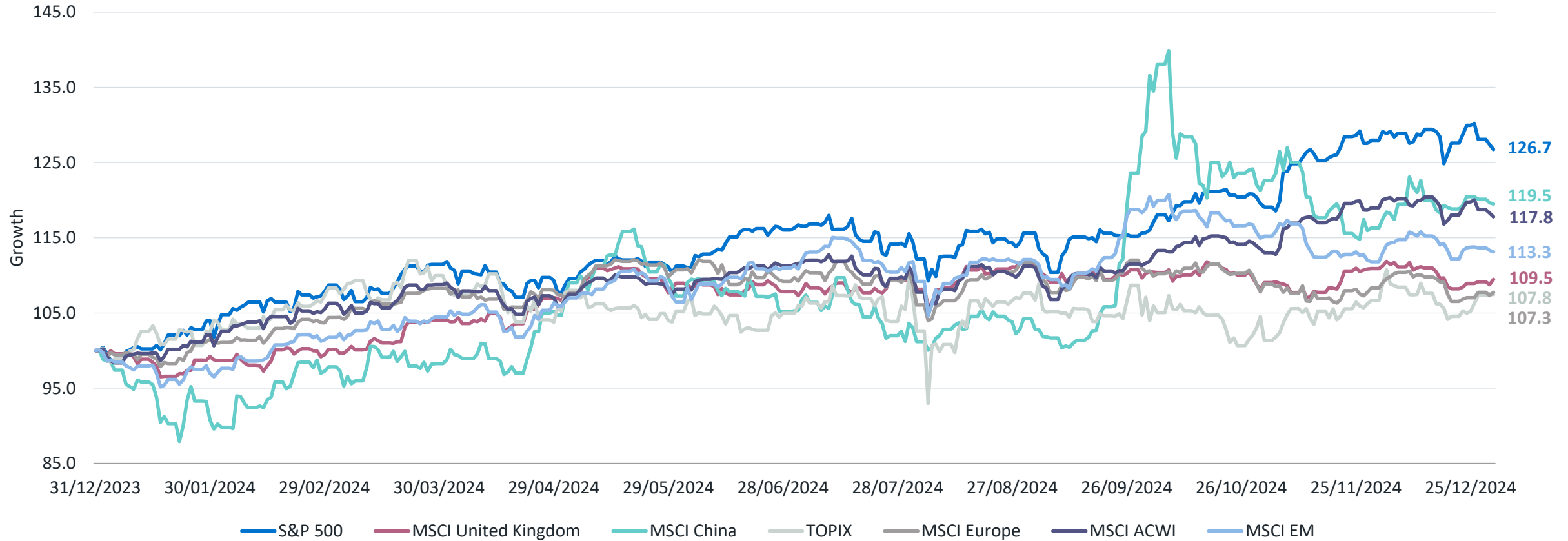
2024 Market backdrop

2024 Equity market performance

A good year for equity markets



Equities strong across all geographies



Source: Morningstar, December 2024

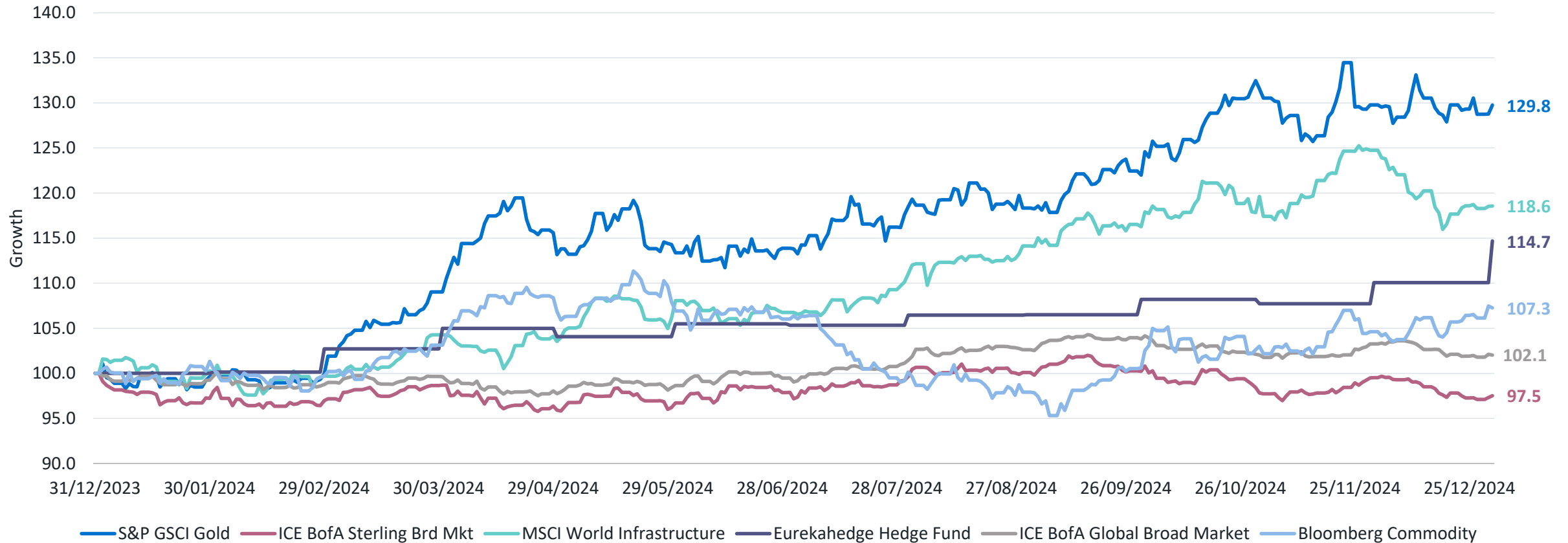
Past performance is not a reliable indicator of future results and may not be repeated.

2024 Diversifying assets performance

A mixed picture for diversifying assets



Diversifying assets performance 2024



Source: Morningstar, December 2024

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

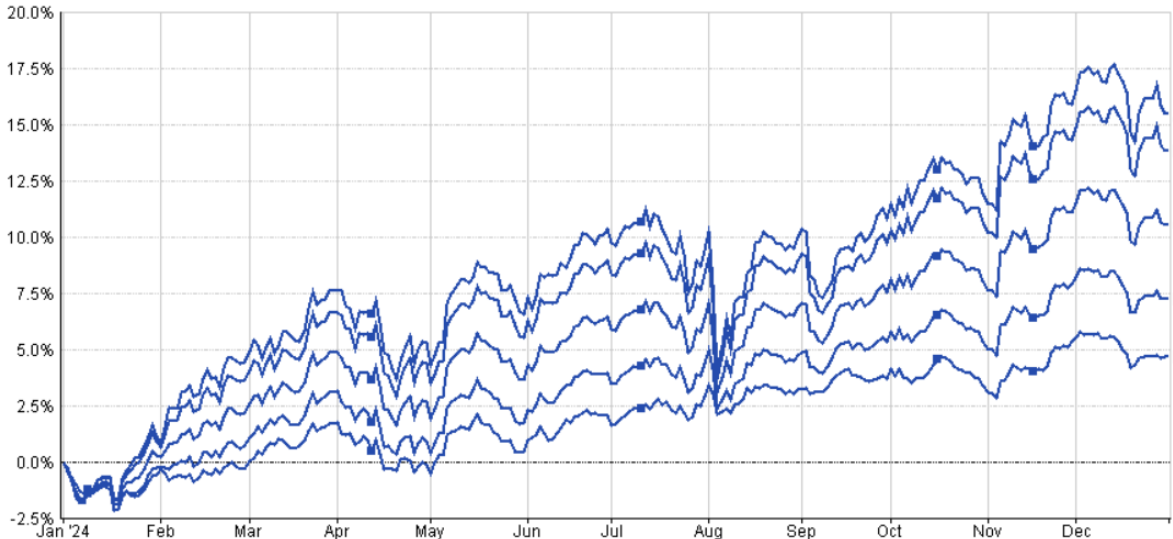
MPS long-term performance vs peers

2024 a strong year for risk-adjusted performance



Core Model Portfolio performance 2024

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



- A - Sarasin & Partners Model Portfolio Sarasin Equity Model 18/11/2024 TR in GB [15.51%]
- B - Sarasin & Partners Model Portfolio Sarasin Growth Model 18/11/2024 TR in GB [13.84%]
- C - Sarasin & Partners Model Portfolio Sarasin Balanced Model 18/11/2024 TR in GB [10.52%]
- D - Sarasin & Partners Model Portfolio Sarasin Cautious Model 18/11/2024 TR in GB [7.23%]
- E - Sarasin & Partners Model Portfolio Sarasin Defensive Model 18/11/2024 TR in GB [4.72%]

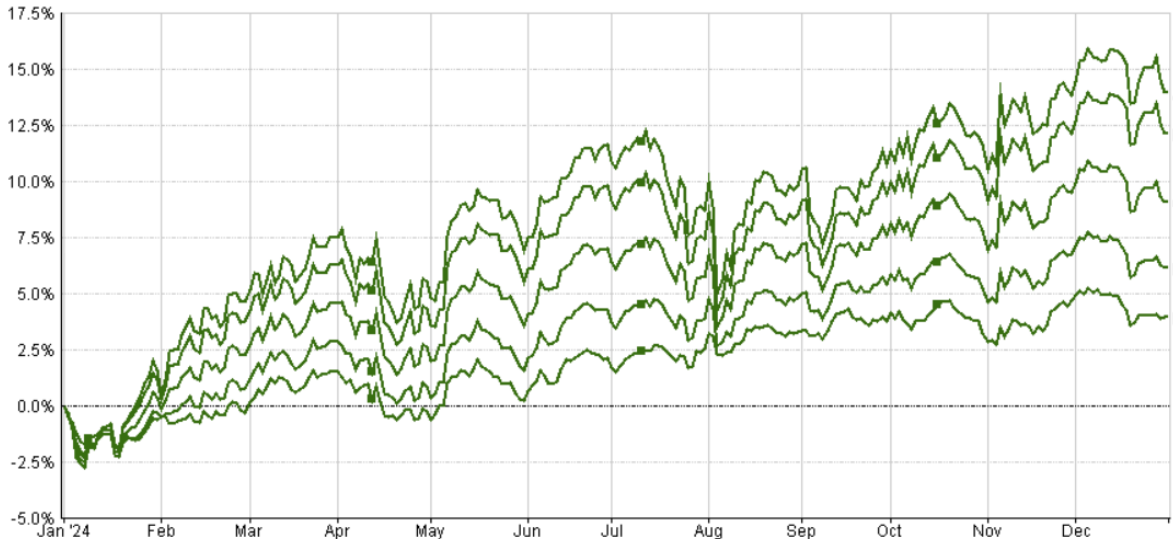
Source: FE Analytics, 01 January 2024 to 01 January 2025

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



Responsible Model Portfolio performance 2024

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



- A - Sarasin & Partners Model Portfolio Sarasin Responsible Equity Portfolio 16/10/2024 TR in GB [13.97%]
- B - Sarasin & Partners Model Portfolio Sarasin Responsible Growth Portfolio 16/10/2024 TR in GB [12.11%]
- C - Sarasin & Partners Model Portfolio Sarasin Responsible Balanced Portfolio 16/10/2024 TR in GB [9.08%]
- D - Sarasin & Partners Model Portfolio Sarasin Responsible Cautious Portfolio 16/10/2024 TR in GB [6.15%]
- E - Sarasin & Partners Model Portfolio Sarasin Responsible Defensive Portfolio 16/10/2024 TR in GB [3.95%]

Source: FE Analytics, 01 January 2024 to 01 January 2025

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

02

Portfolio update



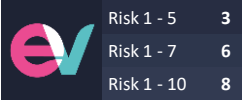
Sarasin Balanced Model Portfolio

Objective: To balance capital protection and participation in equity market growth.

This specific portfolio has a neutral equity allocation of 60% and a returns objective of CPI +3%



Summary of Sarasin Balanced Model Portfolio

Strategy (Equity neutral)	60%
Time Horizon	5-7 years+
Long term return objective	CPI +3.0%
Dynamic Planner risk ratings	
defaqto risk ratings	
eValue risk ratings	
DFM Fee	0.25%
Weighted cost of underlying positions	0.42%
= Total Portfolio OCF	0.67%
Transaction and other costs	0.07%



Summary of Balanced Strategy

Asset Class	Benchmark %	Typical Operating Parameters	
		Low %	High %
Cash	5	2.0	20.0
UK Government Bonds	10.75	0.0	30.75
UK Corporate Bonds	10.75	0.0	30.75
Global Bonds	8.5	0.0	28.5
Total Bonds	30.0	10.0	50.0
Global Equities (£ Hedged)	15.0	40.0	80.0
Global Equities	45.0		
Total Equities	60.0	40.0	80.0
Alternatives	5.0	0.0	25.0
Total	100.0		
Sterling Weighting	50.0	30.0	70.0

Source: Sarasin & Partners as at 30 September 2024, Morningstar (Quarterly) as at 30 September 2024.

Please note that the risk rating range will restrict the overall risk profile of your portfolio, but not the risk rating of individual securities held within it. Your portfolio may include investments from the full spectrum of asset types.

eValue risk tolerance scores are based on a 10-year time horizon.

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

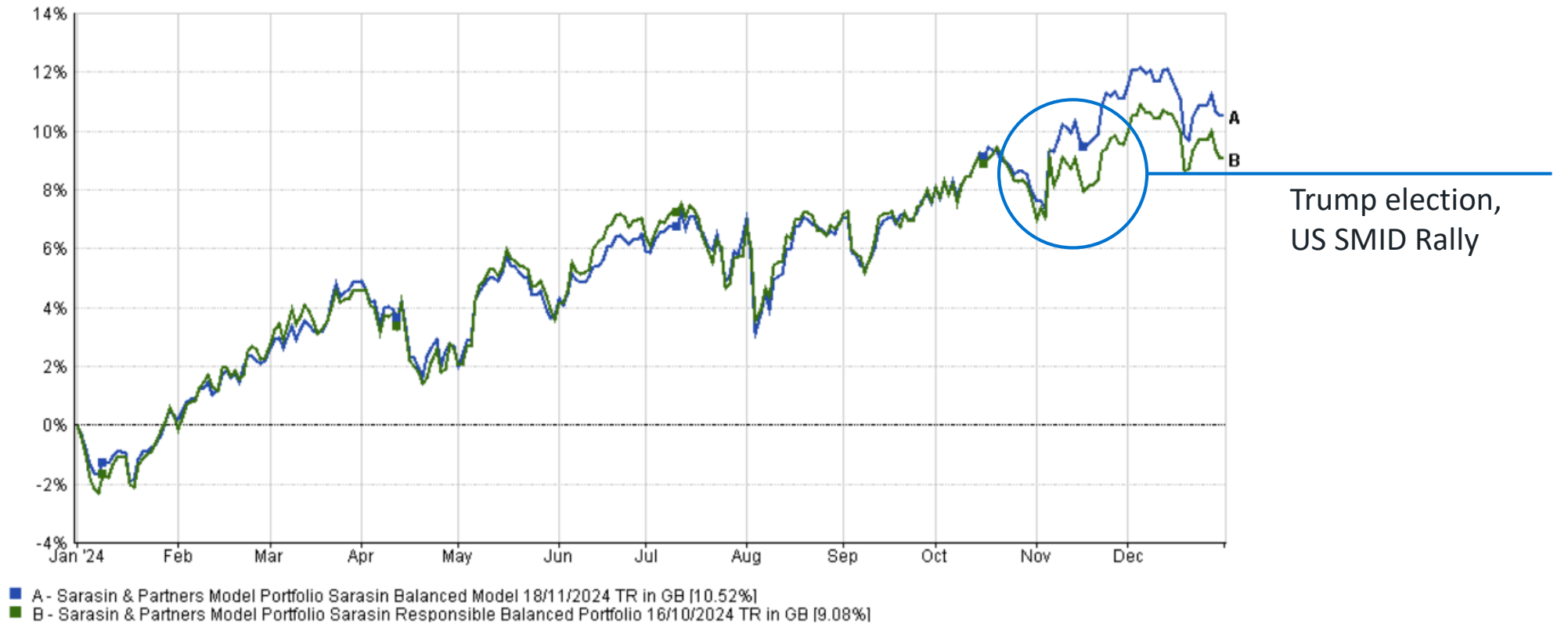
YTD 2024

Sarasin Balanced Model Portfolio and Responsible Balanced Model Portfolio



Activity over the course of the year

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



Source: FE Analytics, 01 January 2024 to 01 January 2025

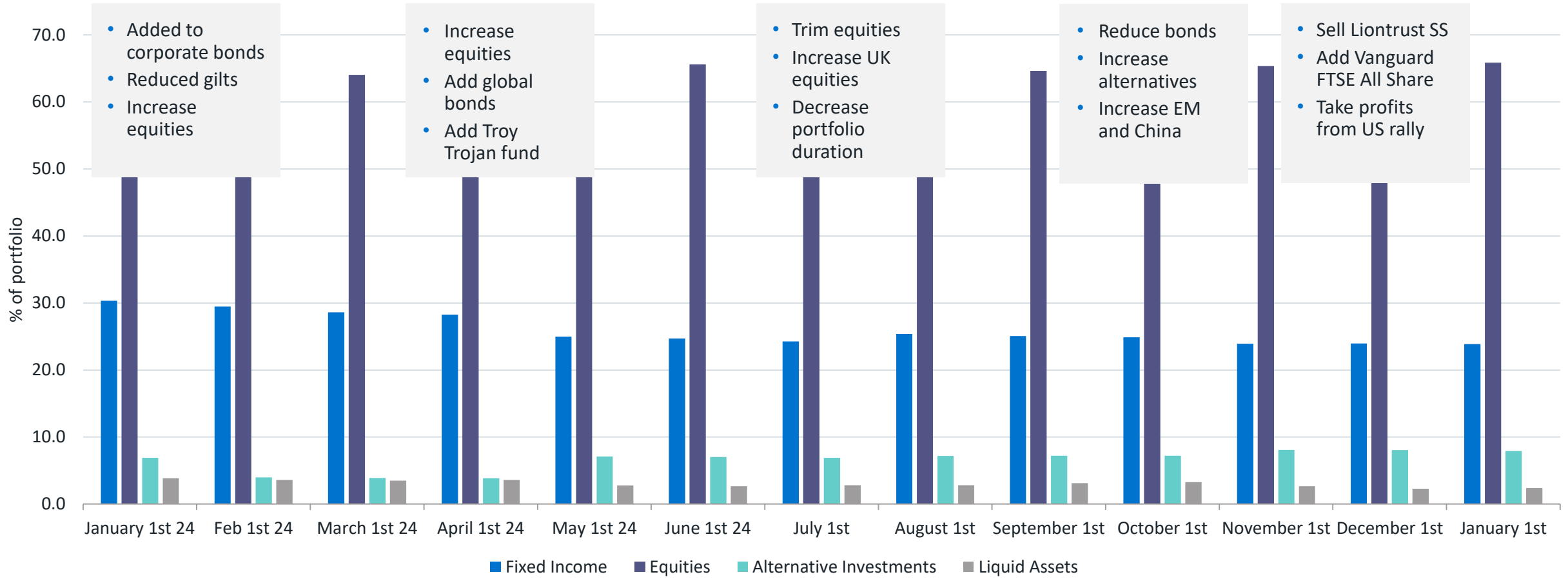
Past performance is not a reliable indicator of future results and may not be repeated. Performance is net of Sarasin fees.

Asset allocation 2024

Sarasin Balanced Model Portfolio



Asset allocation changes

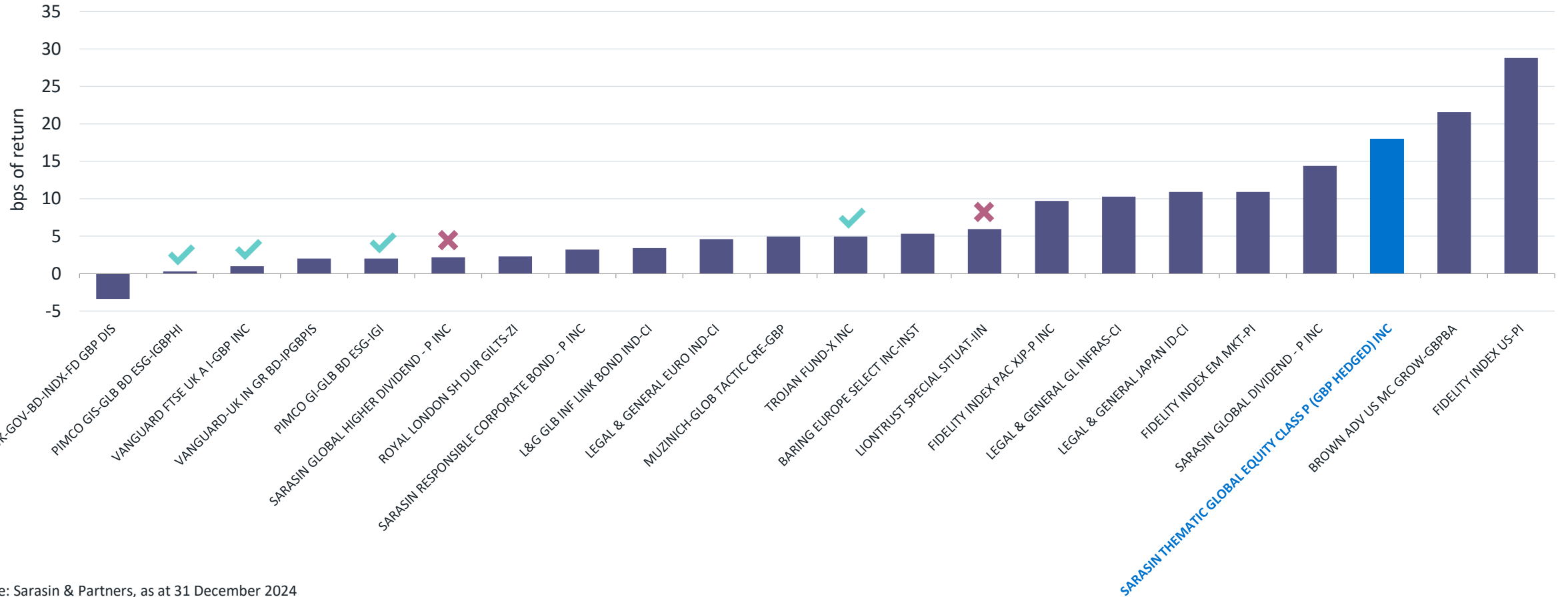


Source: Sarasin & Partners 30 November 2024

What has driven performance 2024?



Contribution of underlying holdings Sarasin Balanced Model



Source: Sarasin & Partners, as at 31 December 2024

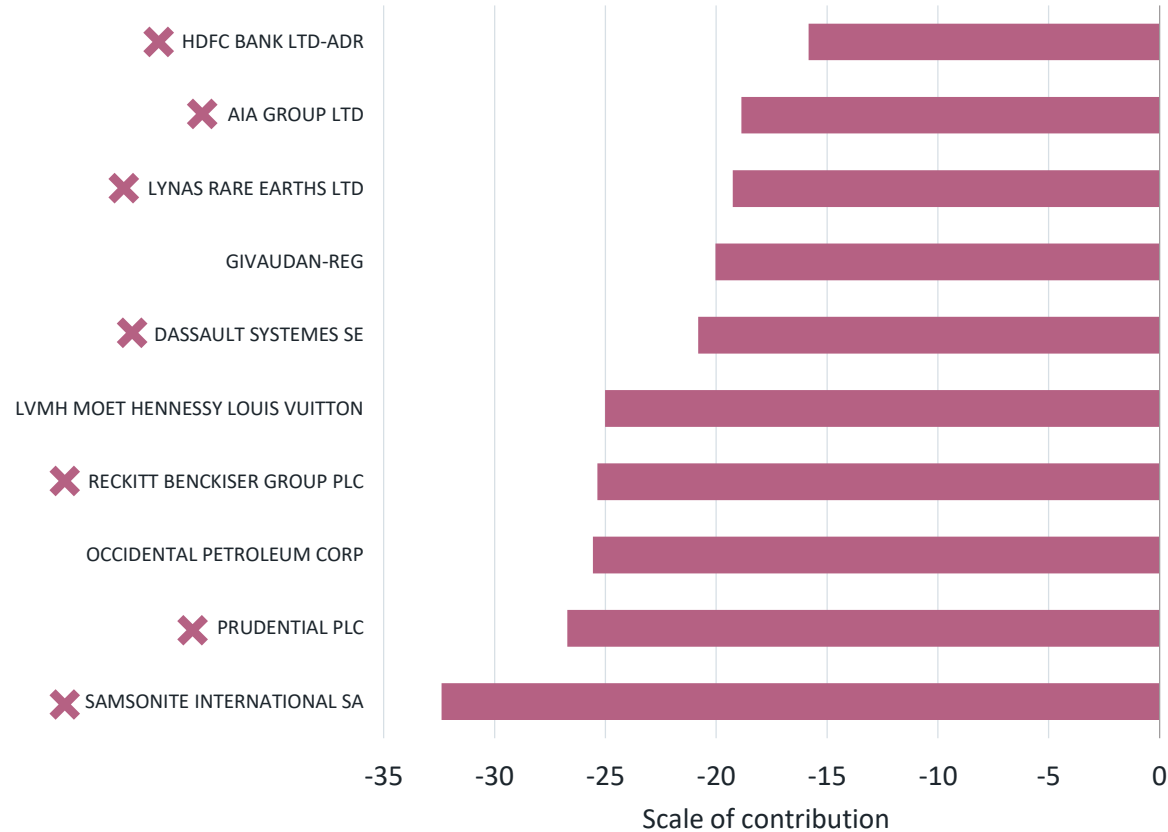
Past performance is not a reliable indicator of future results and may not be repeated. Performance is gross of Sarasin DFM Fee, net of fund charges.

Top contributors and detractors to Thematic Global Equity Fund

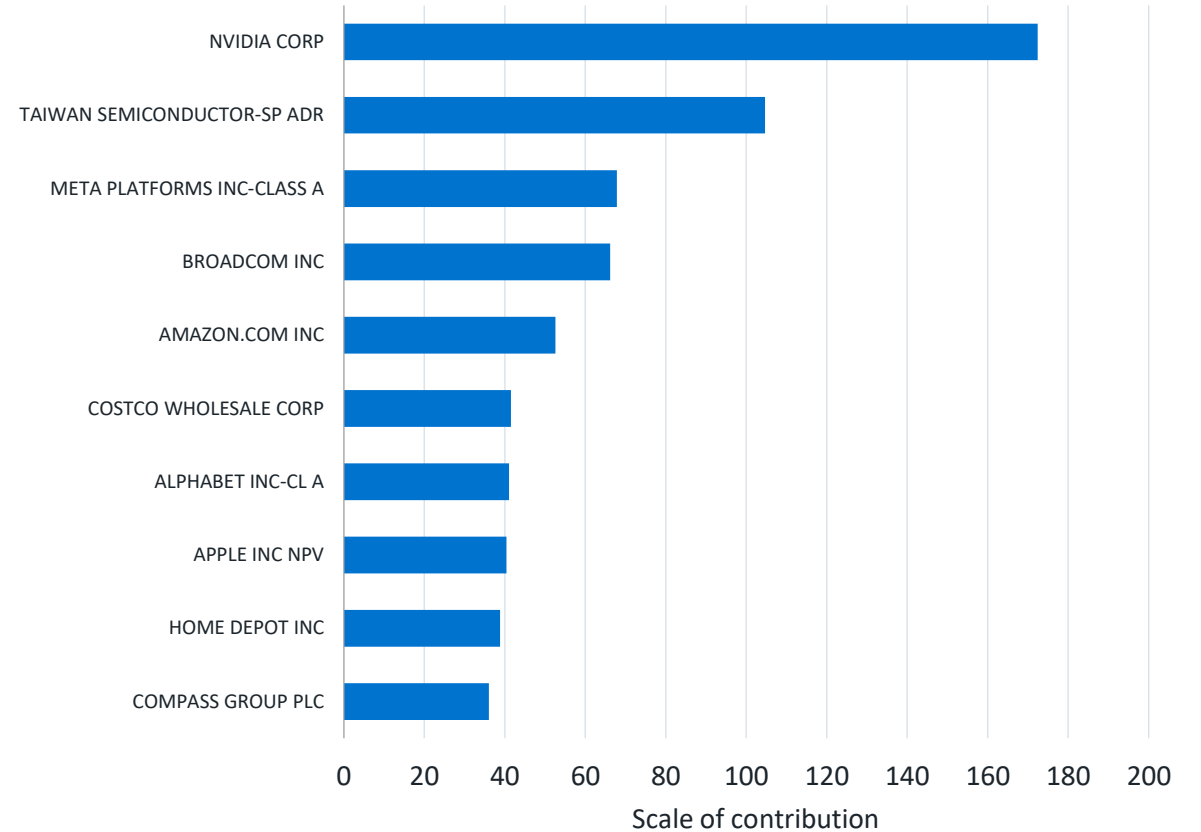
Top 10 contributors and detractors 2024



Detractors



Contributors



Source: Sarasin & Partners, 2024

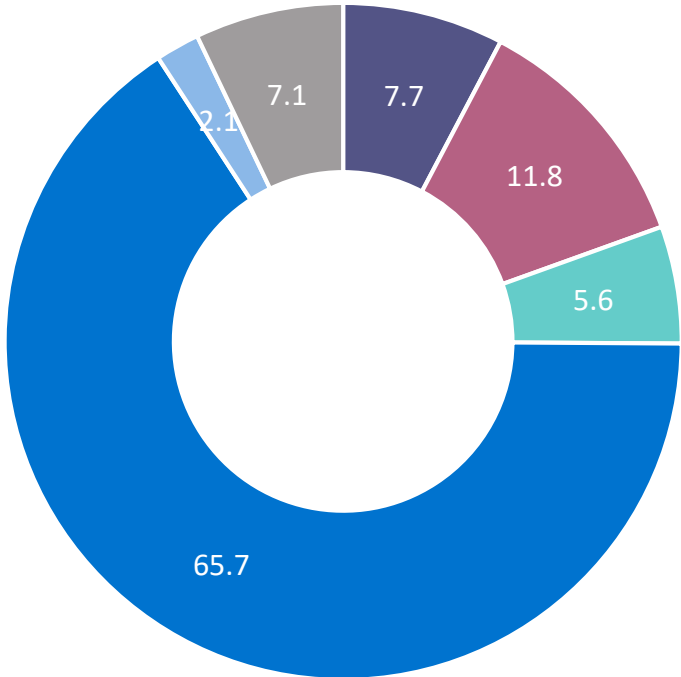
Performance is provided gross of fees. Management fees will have a negative impact on investment returns. Past performance is not a reliable indicator of future results and may not be repeated.

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

Equity analysis



Geographical analysis of Equities (%)

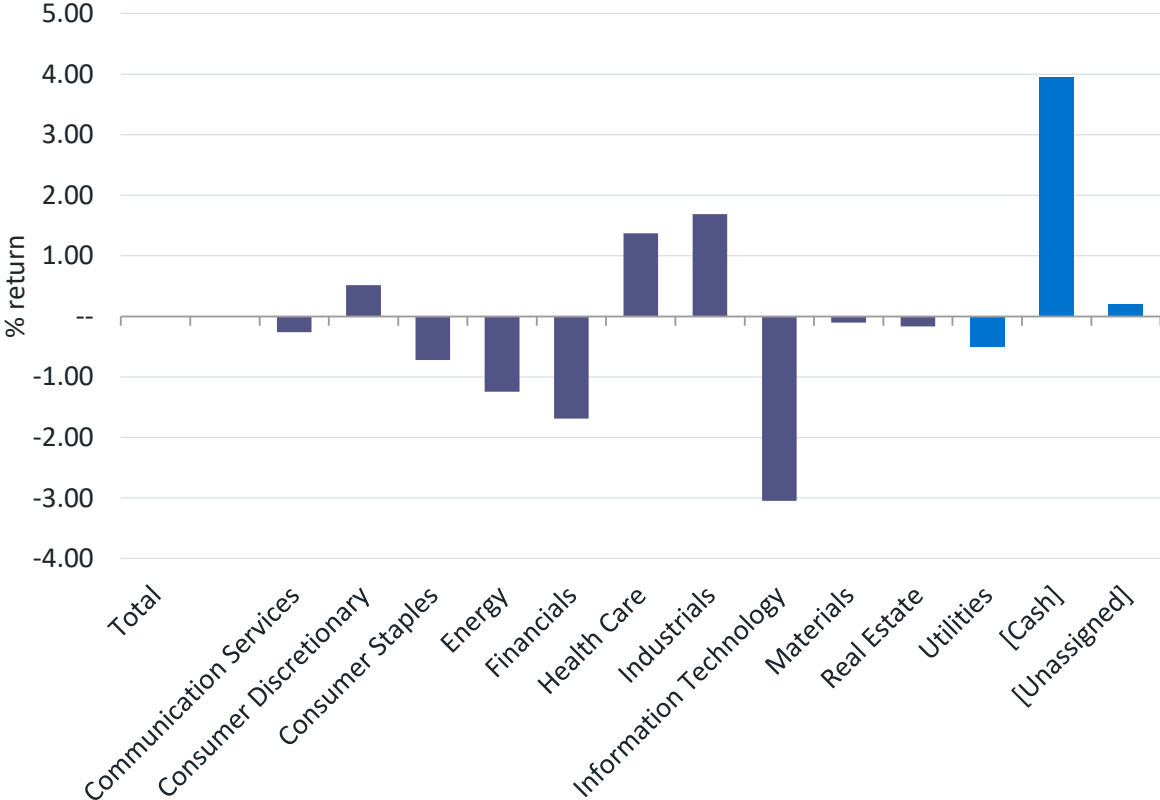


- Emerging Markets
- Europe Ex-UK
- Japan
- North America
- Pacific Basin Ex-Japan
- United Kingdom

Source: Sarasin & Partners, RIMES and Bloomberg, 02 January 2025. Benchmark is MSCI ACWI.
Past performance is not a reliable indicator of future results and may not be repeated.



Industrial analysis of Equities



Source: Sarasin & Partners, Fact Set, December 2024

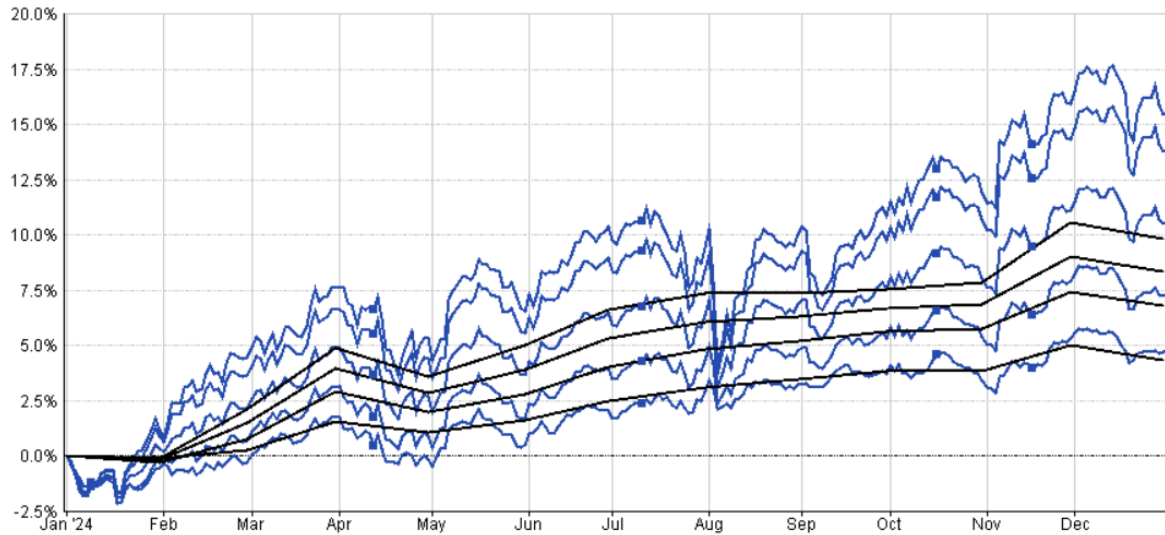
MPS 2024 performance vs peers

Core models vs. inflation + objectives YTD and peers YTD



Sarasin core MPS vs. inflation + objectives 2024

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



- A - Sarasin & Partners Model Portfolio Sarasin Equity Model 14/01/2025 GTR in GB [15.46%]
- B - Sarasin & Partners Model Portfolio Sarasin Growth Model 14/01/2025 GTR in GB [13.80%]
- C - Sarasin & Partners Model Portfolio Sarasin Balanced Model 14/01/2025 GTR in GB [10.50%]
- D - ARC Sterling Equity Risk PCI TR in GB [9.80%]
- E - ARC Sterling Steady Growth PCI TR in GB [8.38%]
- F - Sarasin & Partners Model Portfolio Sarasin Cautious Model 14/01/2025 GTR in GB [7.21%]
- G - ARC Sterling Balanced Asset PCI TR in GB [6.81%]
- H - Sarasin & Partners Model Portfolio Sarasin Defensive Model 14/01/2025 GTR in GB [4.70%]
- I - ARC Sterling Cautious PCI TR in GB [4.37%]

Source: FE Analytics, 1 January 2024 to 1 January 2025

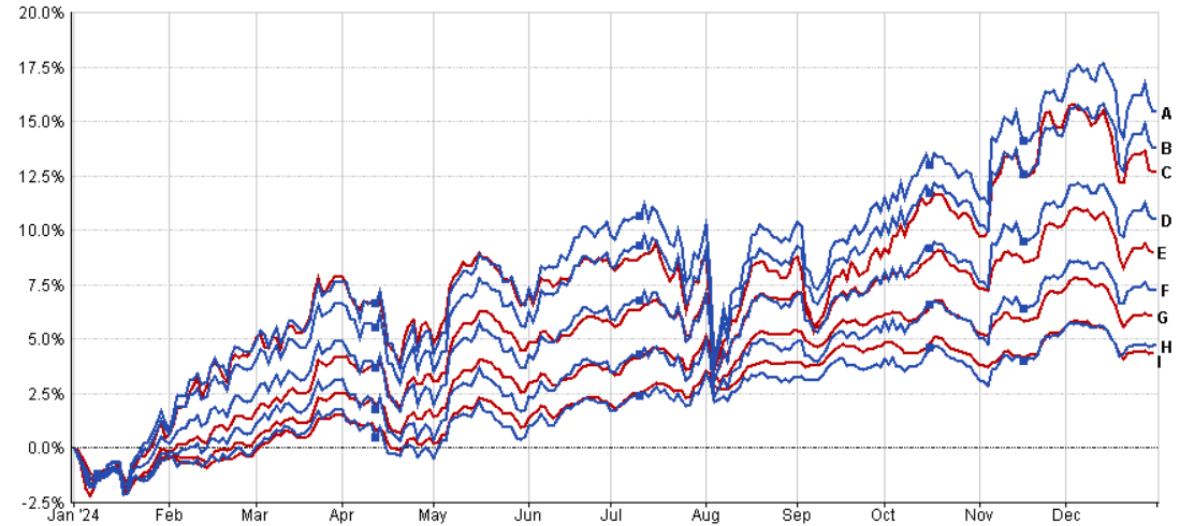
Past performance is not a reliable indicator of future results and may not be repeated.

Performance is net of Sarasin fees.



Sarasin core MPS vs. peers 2024

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



- A - Sarasin & Partners Model Portfolio Sarasin Equity Model 18/11/2024 TR in GB [15.46%]
- B - Sarasin & Partners Model Portfolio Sarasin Growth Model 18/11/2024 TR in GB [13.80%]
- C - IA Global TR in GB [12.64%]
- D - Sarasin & Partners Model Portfolio Sarasin Balanced Model 18/11/2024 TR in GB [10.50%]
- E - IA Mixed Investment 40-85% Shares TR in GB [8.98%]
- F - Sarasin & Partners Model Portfolio Sarasin Cautious Model 18/11/2024 TR in GB [7.21%]
- G - IA Mixed Investment 20-60% Shares TR in GB [6.07%]
- H - Sarasin & Partners Model Portfolio Sarasin Defensive Model 18/11/2024 TR in GB [4.71%]
- I - IA Mixed Investment 0-35% Shares TR in GB [4.42%]

Source: FE Analytics, 1 January 2024 to 1 January 2025

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

Performance is net of Sarasin fees.

Sarasin Global Strategy

Getting ready for President Trump

Guy Monson, Senior Partner, Chief Market Strategist



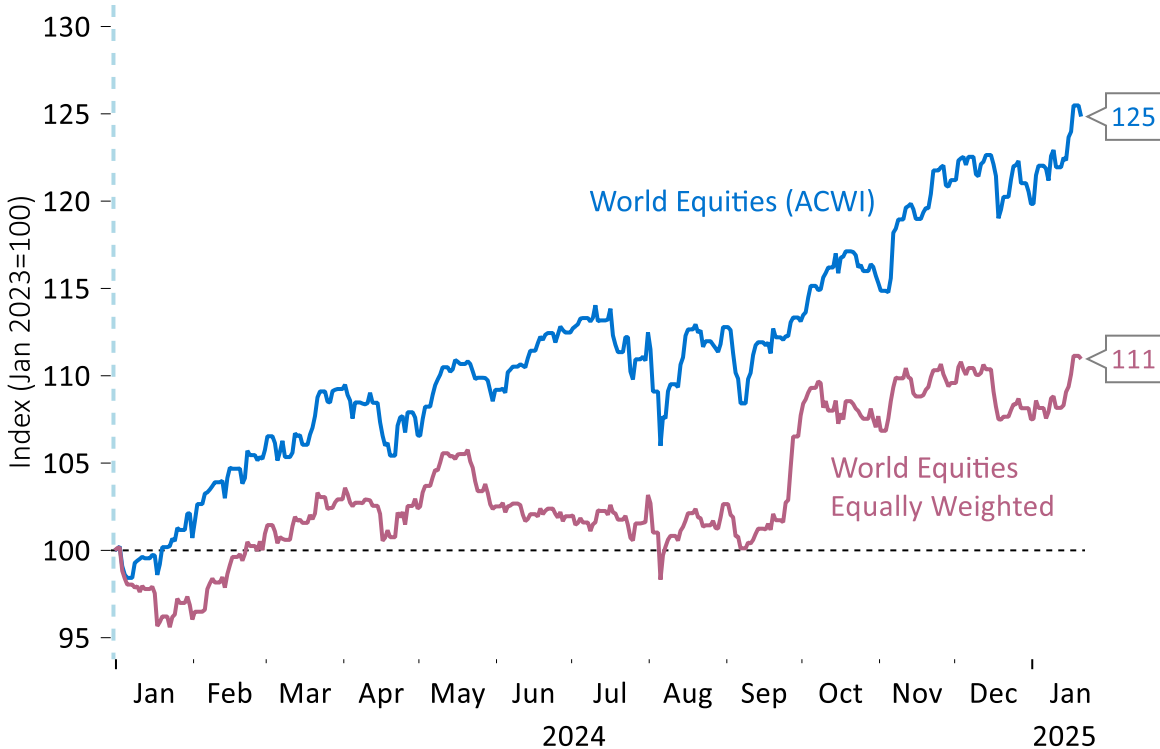
01

Global market returns and US election

Equity market review 2024

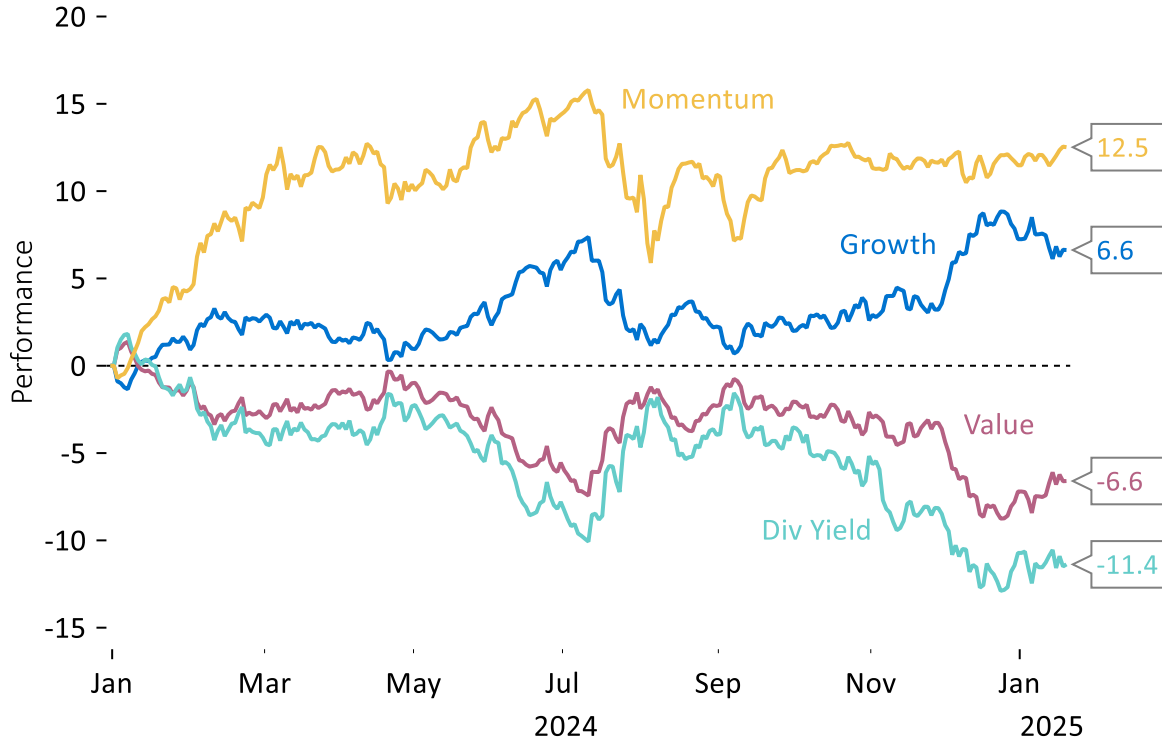
Momentum and growth styles powered equity returns in 2024

World equity returns dominated by tech 'super-caps'



Source: Macrobond, 21.01.25

Index returns by style (relative to MSCI world index 2024)

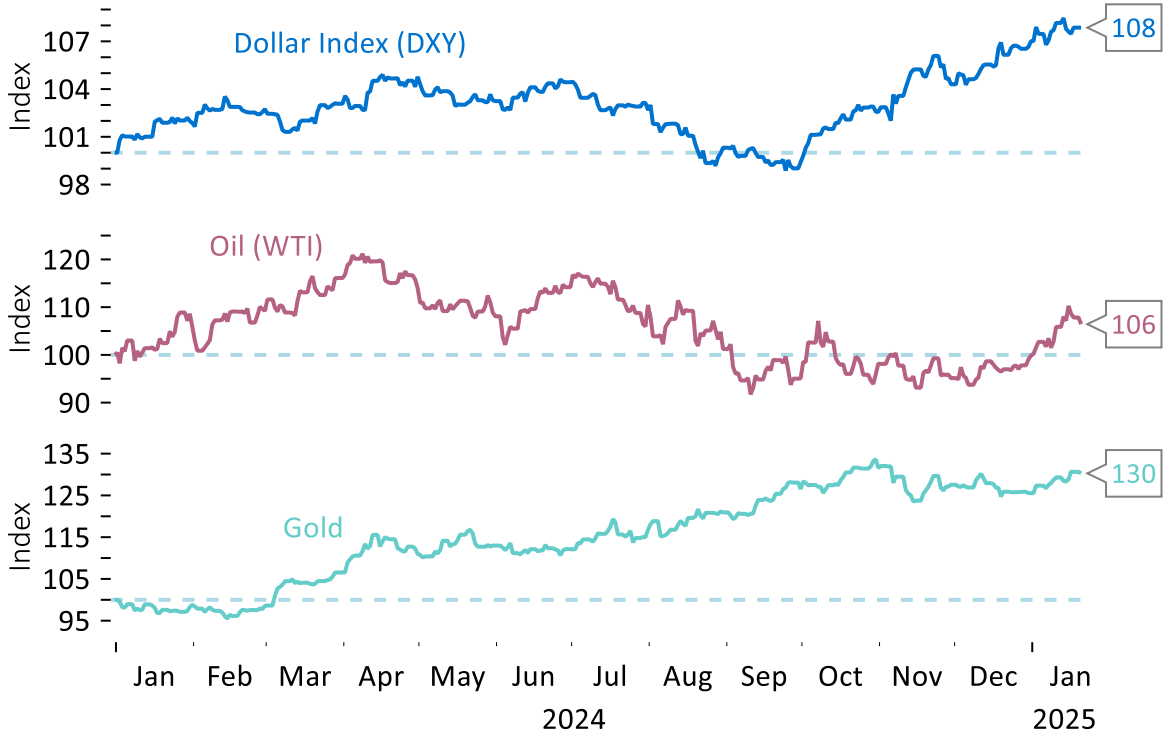


Source: Macrobond, 21.01.25

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

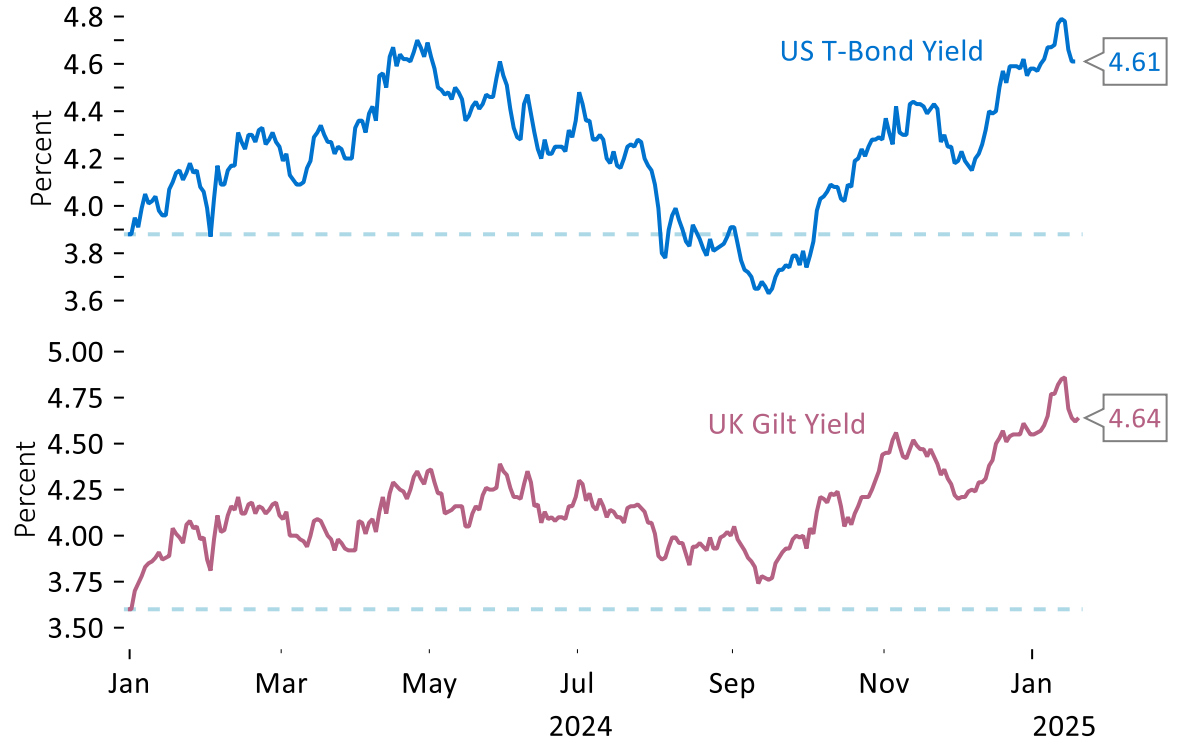
Global asset review 2024

Gold and the dollar rally in 2024 – oil prices start to climb



Source: Macrobond, 21.01.25 WTI – West Texas Intermediate

Worries over fiscal sustainability send bond yields higher



Source: Macrobond, 21.01.25

UK 10 year Gilt peaked at 4.51 % after the infamous September 2022 Liz Truss budget

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

02

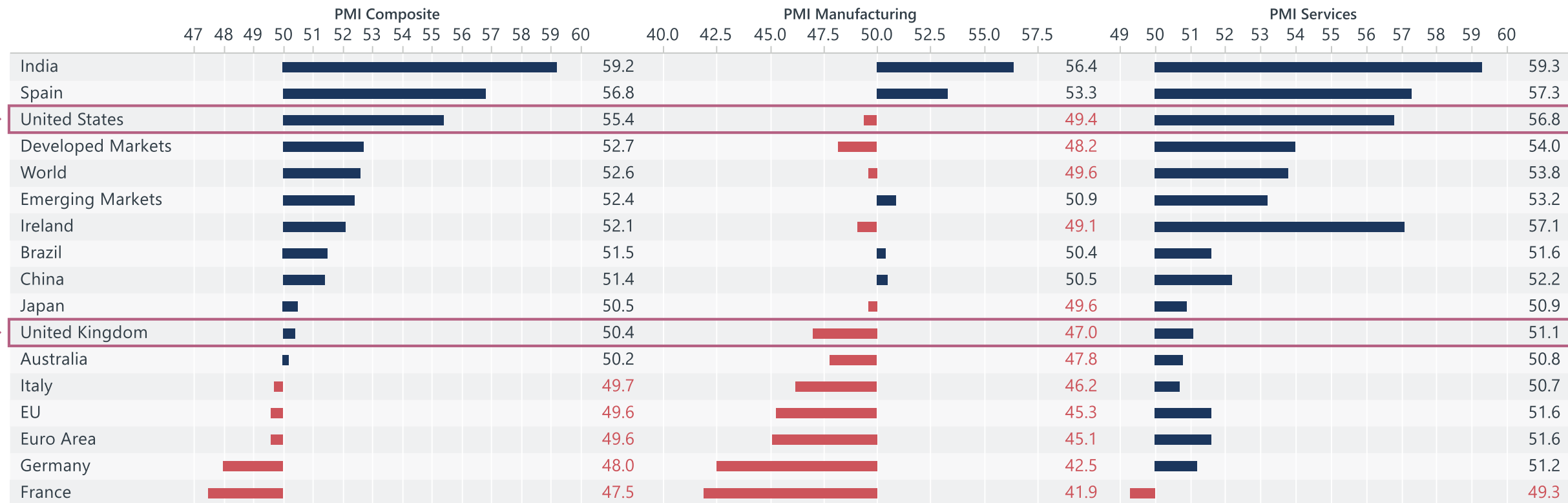
Economics – a soft landing or no landing?

Global business surveys

Services sector strong/manufacturing struggles – US robust – UK fades post budget



S&P Global – Purchasing Managers’ Index (PMI)



Source: Macrobond, 21.01.25

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

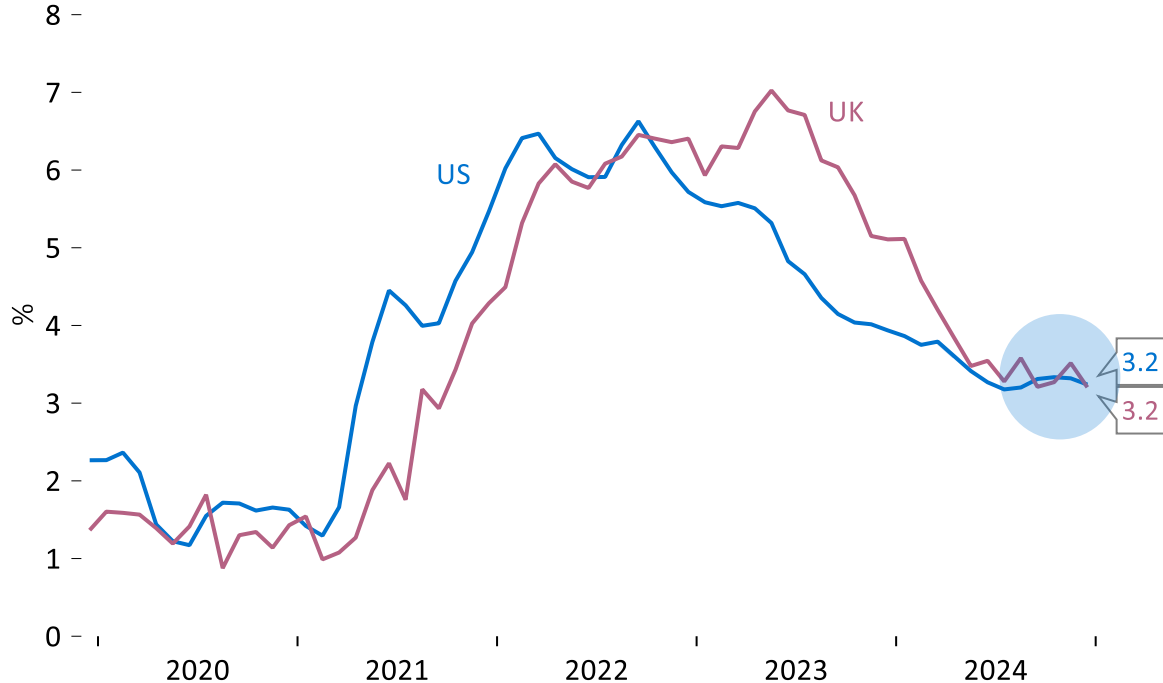
Past performance is not a reliable indicator of future results and may not be repeated.

Core inflation still sticky – rate cuts forecast to slow



Core inflation remains sticky globally

Core Inflation

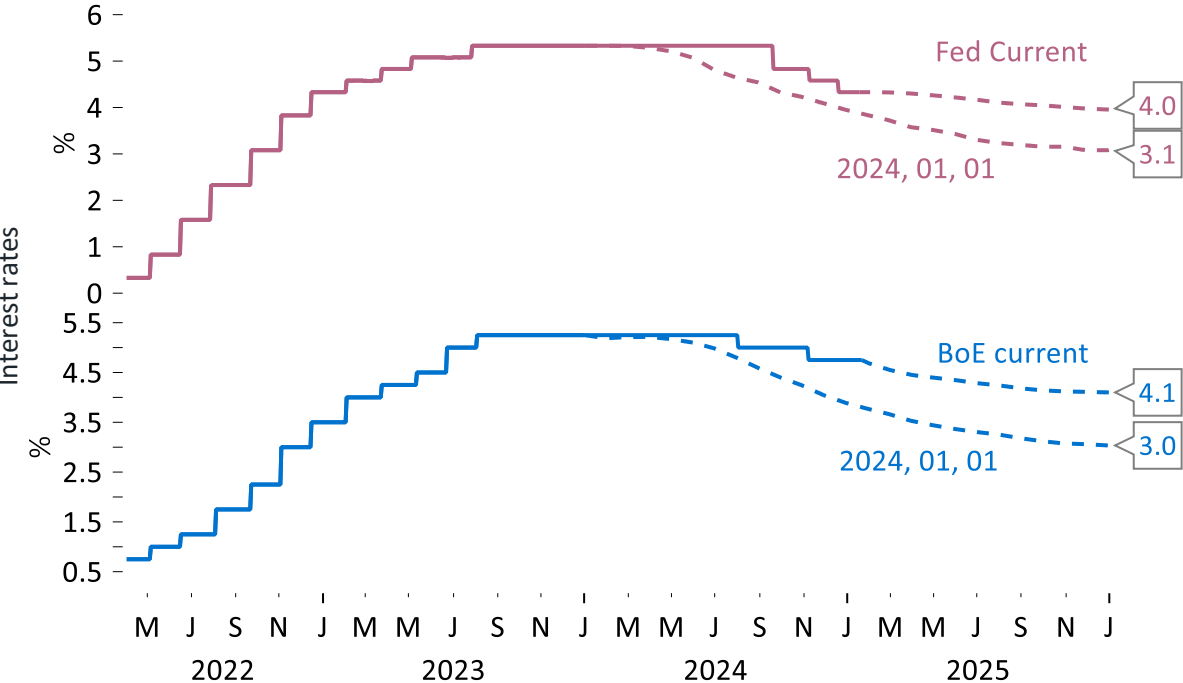


Source: Macrobond, 21.01.25



Implied path of interest rates compared to end 2023

Central Bank Market Implied Policy Rates



Source: Macrobond, 21.01.25

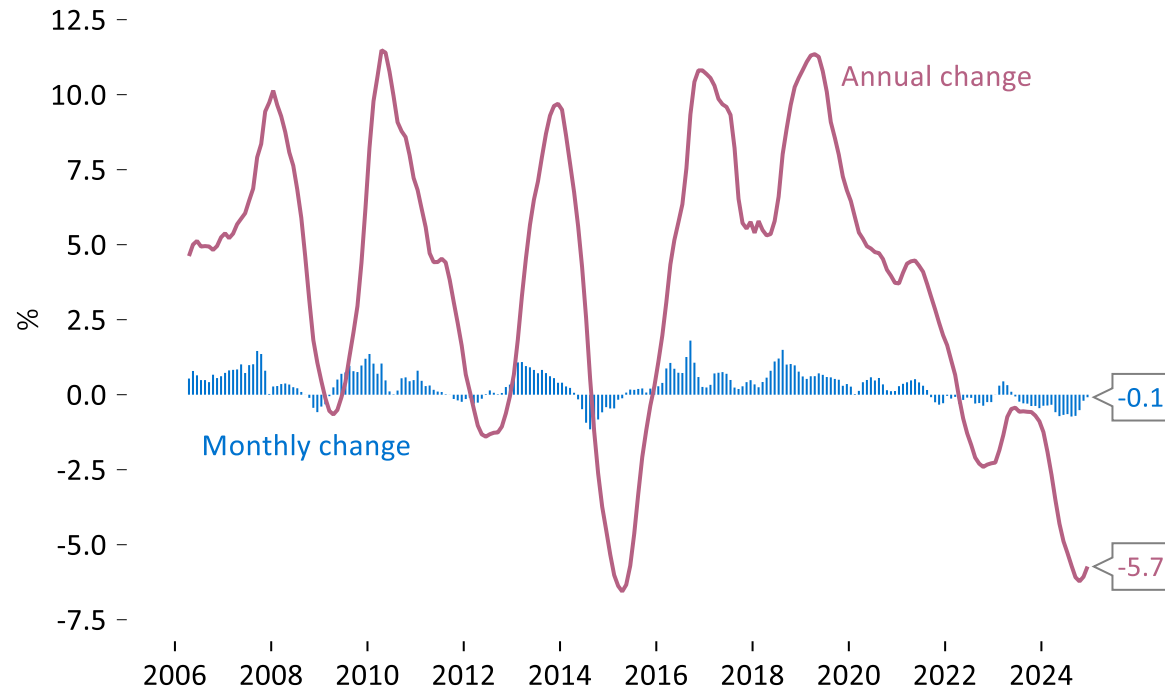
China: Still struggling to find balance as property prices fall

Government stimulus not sufficient to ensure reflation – global manufacturing slumps



Property prices still declining

NBS Residential Property Price Index 70 cities

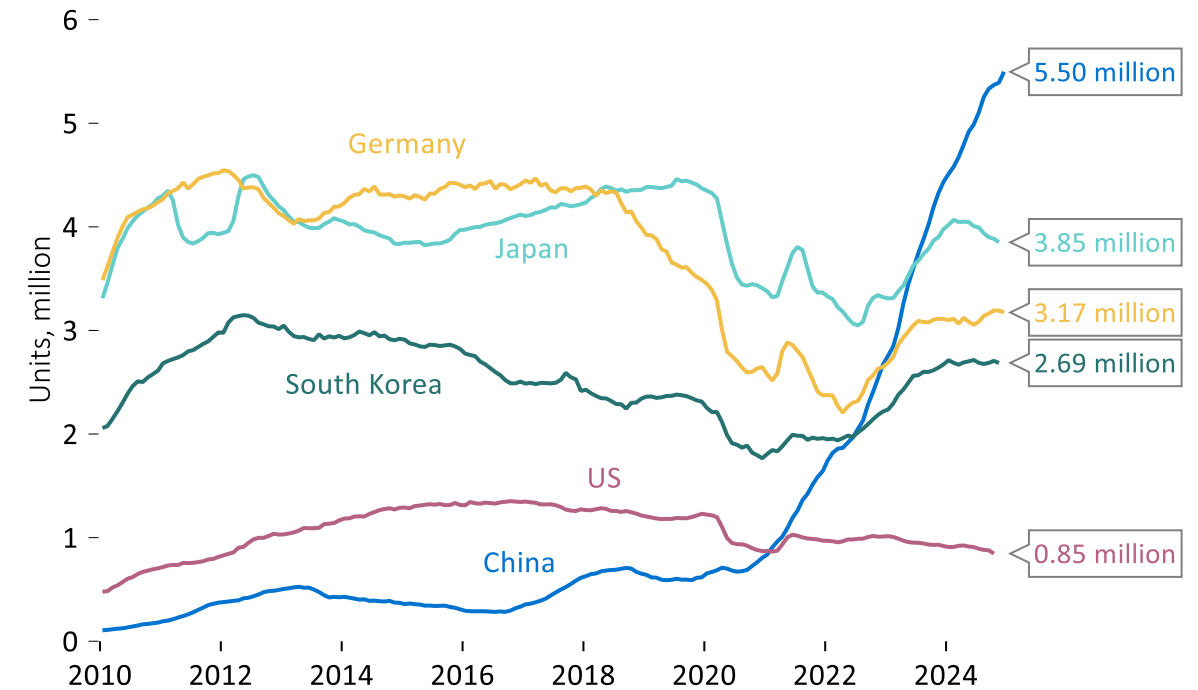


Source: Macrobond, 21.01.25



Spill over from Chinese exports risks trade wars

Exports of Passenger Cars; Rolling 12m sum



Source: Macrobond, 21.01.25

UK: Economy and business confidence fragile

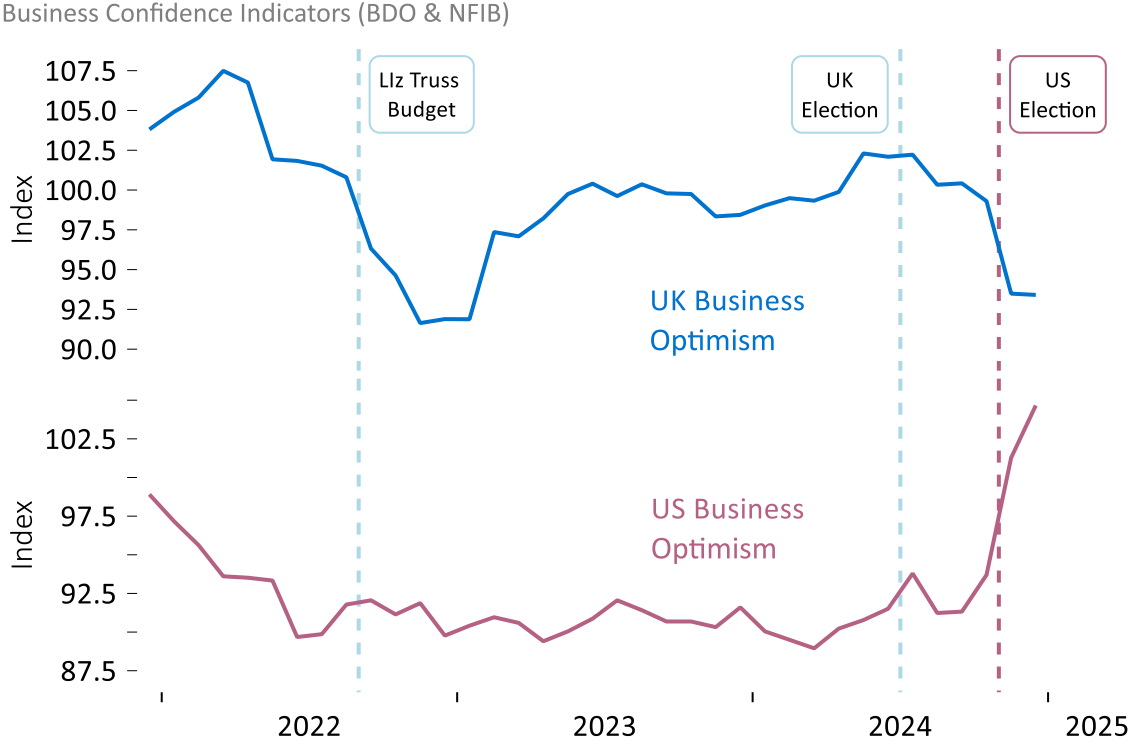
UK business declines post budget in sharp contrast to US

UK economic momentum stalls into the budget



Source: Macrobond, 21.01.25

Business confidence - a tale of two countries



Source: Macrobond, 21.01.25

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

Chancellor Reeves needs to build a financially robust Britain

With 30 year gilt yields over 5% sustainable funding of UK deficits becomes difficult



Successful single nations typically have robust economies

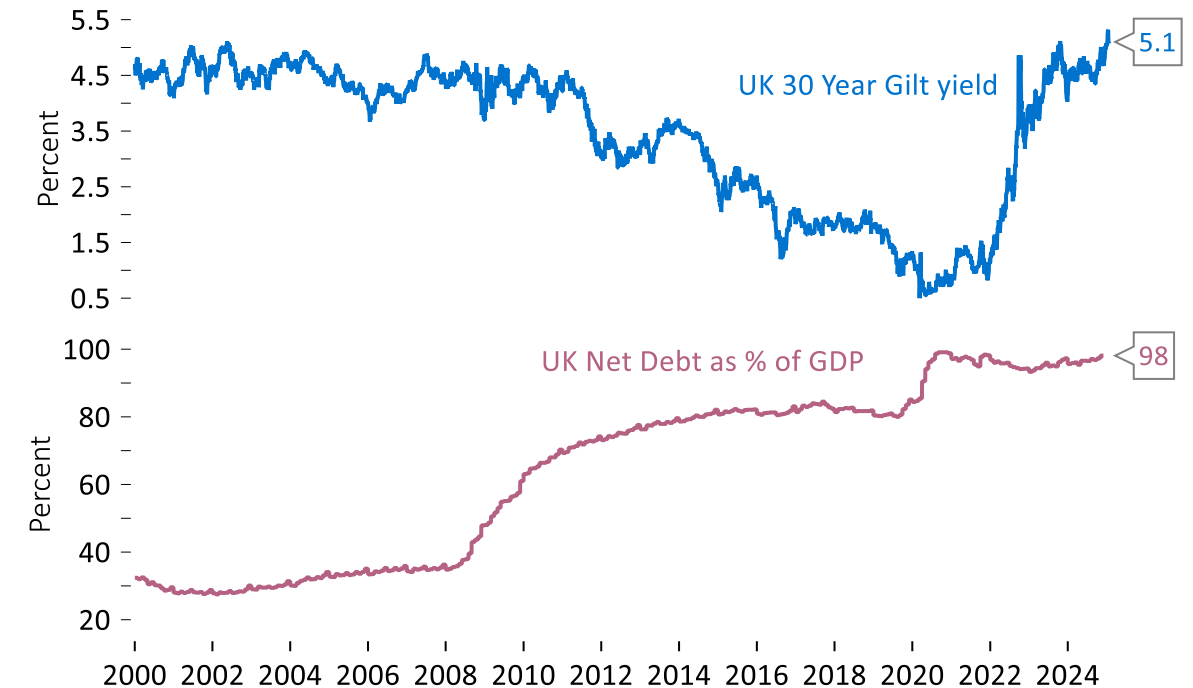
Country	Bond Rating (S&P)	Current Account Balance (% of GDP)	Budget Balance (% of GDP)	Net Debt (% of GDP)
Norway	AAA	17.9%	16.4%	No debt
Switzerland	AAA	6.9%	0.2%	13%
Australia	AAA	-0.3%	-0.9%	30%
South Korea	AA	1.9%	-0.7%	23%
Singapore	AAA	19.8%	3.5%	No debt
United Kingdom	AA	-1.9%	-6.0%	99%

Source: IMF, Macrobond, 31.12.2023



30 year gilt yields hit 25 year highs as debt climbs

UK Gilt Yields and Debt



Source: Macrobond, 21.01.25

03

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

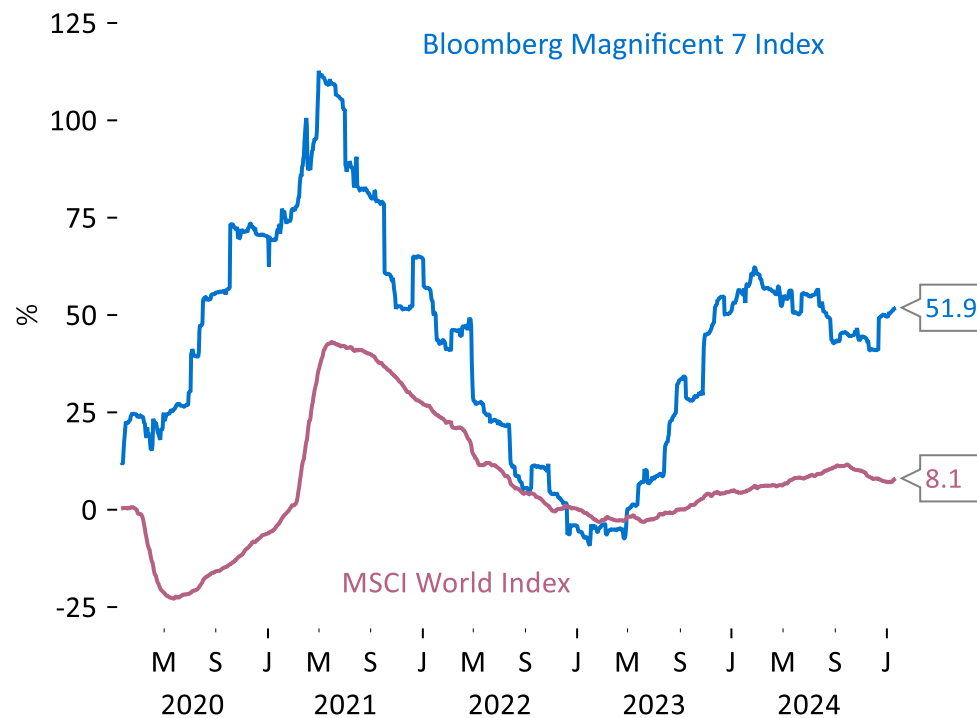
Global earnings and dividend growth still robust

Stronger earnings driving higher dividends and share buy-backs



Forecast year 1 earnings growth still robust

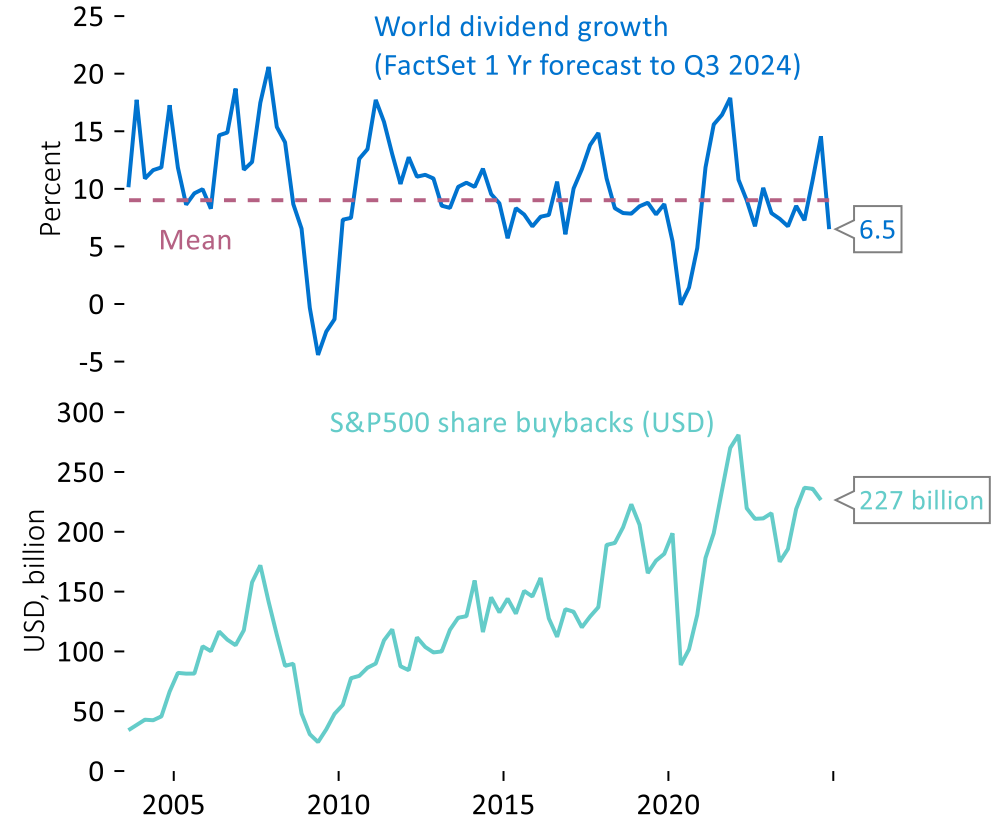
12 month forward earnings estimates (Bloomberg)



Source: Macrobond, 21.01.25



Global dividend growth and US stock buybacks plentiful



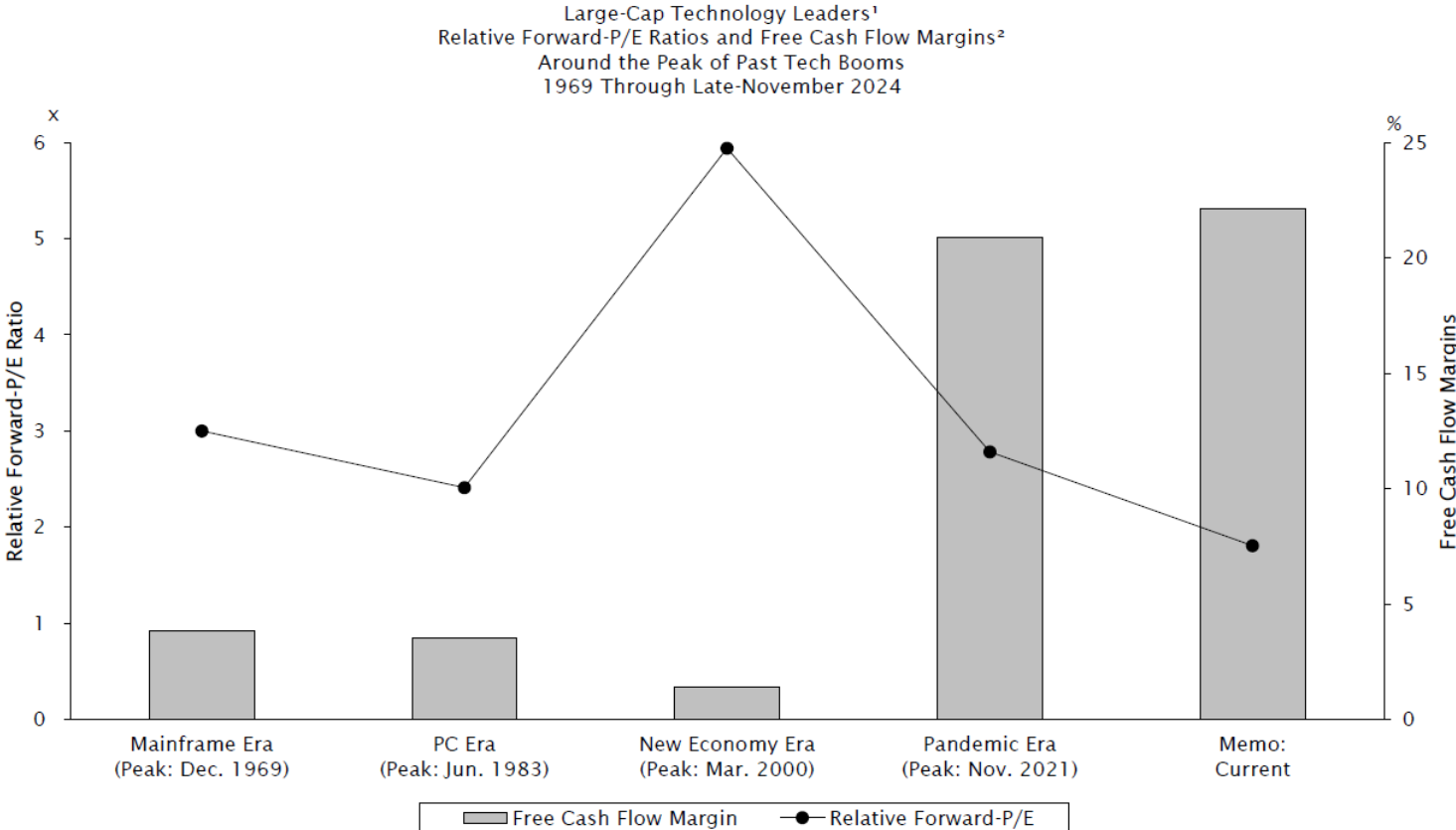
Source: Macrobond, 21.01.25

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

Cash flow margins stronger than in any other technology boom



Comparison of free cash flow margins across technology cycles, valuations & MAG 7 performance



Source: Empirical Research Partners Analysis, December 2024.

- 1. Technology and interactive media stocks in the highest two quintiles of price momentum market-wide at the peak date.
- 2. Medians. Trailing P/Es used for Mainframe Era as analyst forecast were unavailable then.

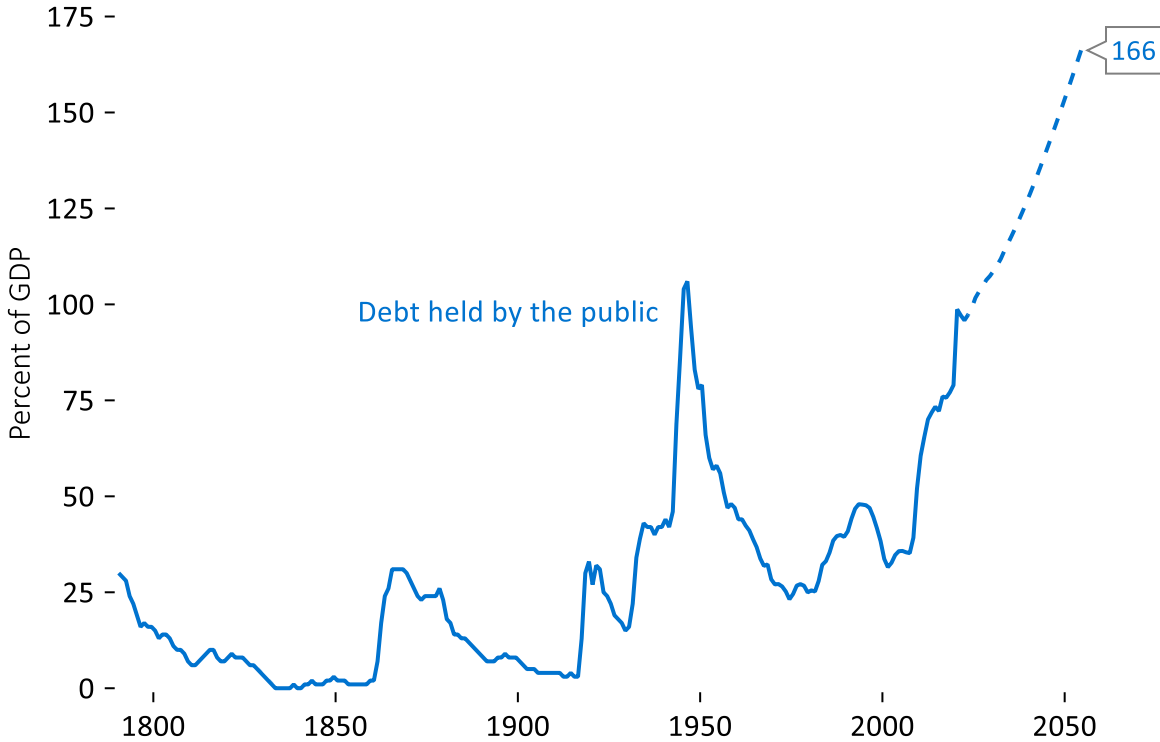
Past performance is not a reliable indicator of future results and may not be repeated.

04 Risks

Risk 1: Trump Administration spending plans

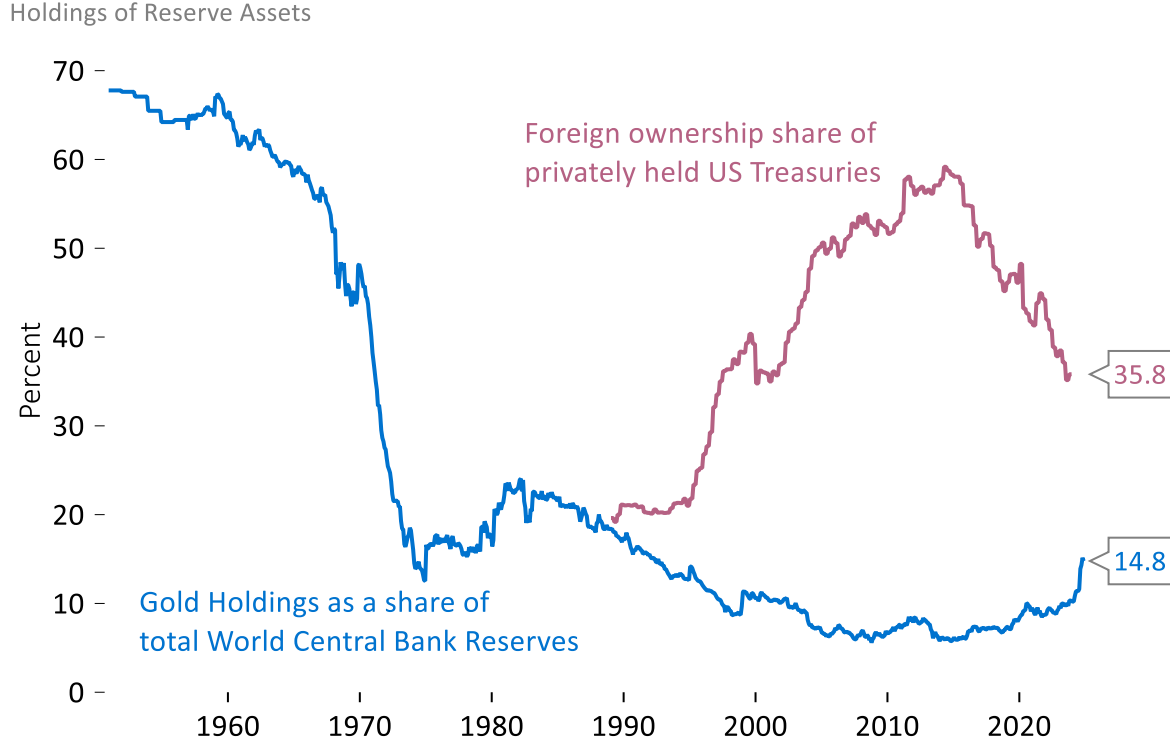
Bond market ‘vigilantes’ might challenge US Treasuries as foreign buyers retreat

US deficit forecast to climb above WW2 highs by 2030



Source: Macrobond, 21.01.25

Foreign holdings of US treasuries falling – gold rising



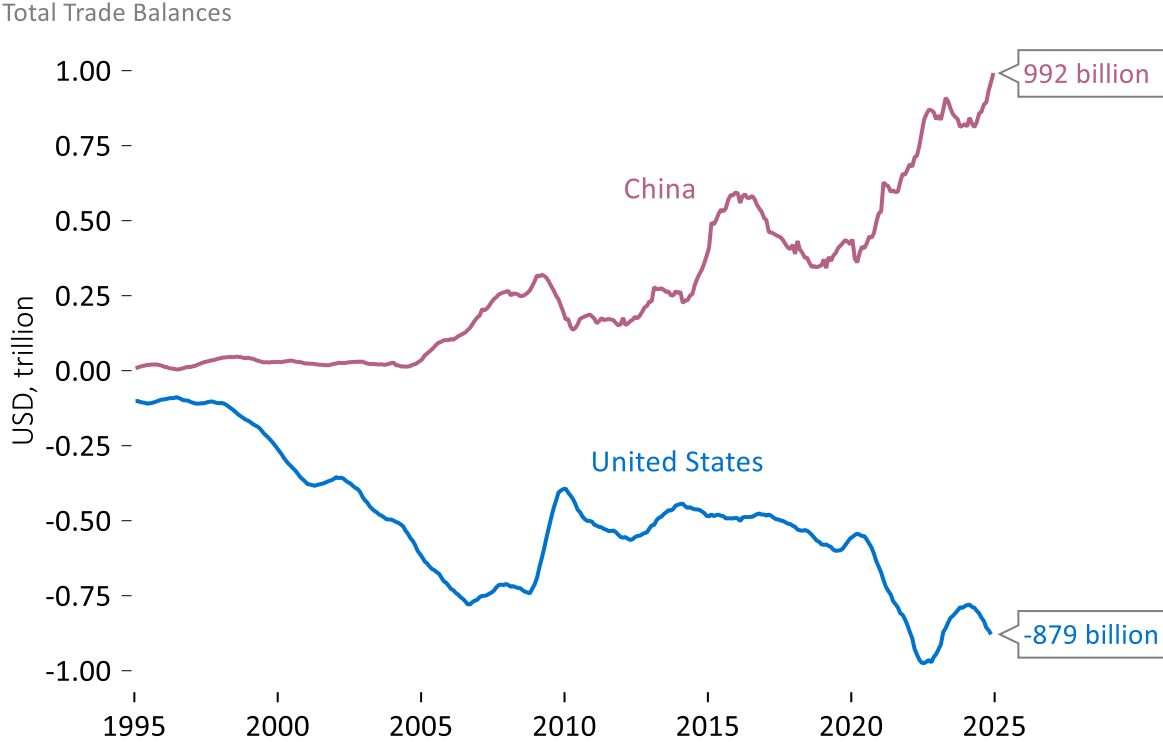
Source: Macrobond, 21.01.25

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

Risk 2: A protectionist US invites a global response

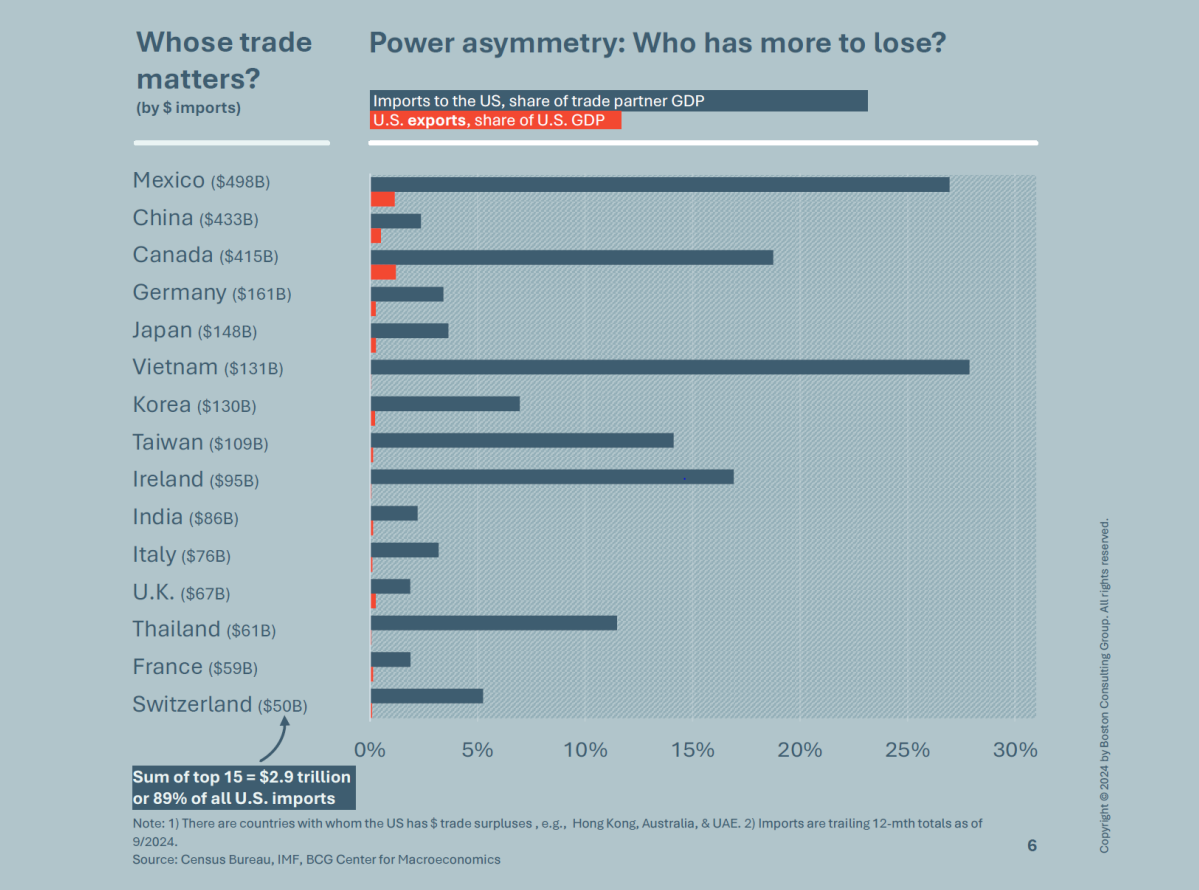
As the new administration embraces tariffs, the post-war consensus on free trade is unravelling

Trade Balances: China vs US, 1995 - 2025



Source: Macrobond, 21.01.25

The asymmetry of US trade power is striking



Source: BCG, December 2024

Policy summary

Global Strategy January 2025

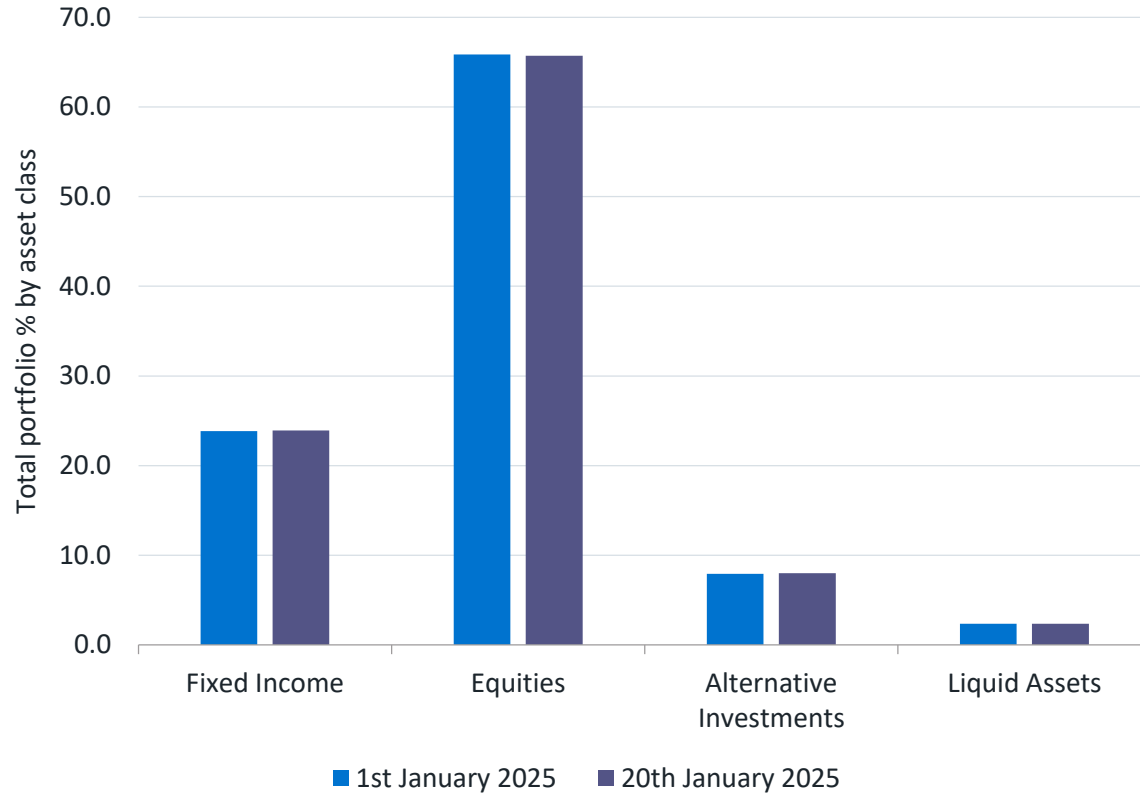
Bonds	<p>Underweight</p> <ul style="list-style-type: none">• Neutral Govt: Long-term yields close to fair value – UK pension funds natural buyers• UW Inv. Grade Credit: Spreads are historically tight – reduce risk• Duration: Neutral
Equities	<p>Overweight</p> <ul style="list-style-type: none">• Equity: Tail risks of recession receding – clearly a pro-business / low tax Trump administration – earnings robust• Global Technology: Retain exposure on strong 2025 earnings forecasts and robust AI demand• Dividend Strategies: Value appearing after recent underperformance and strong dividend growth
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 and EM reserve bank buying support demand
Cash	<p>Underweight</p> <ul style="list-style-type: none">• Interest rates have peaked across Western markets
Risks	<ol style="list-style-type: none">1. Bond markets – US deficits & sticky inflation trigger a return of the bond market ‘vigilantes’2. Global trade war – Trump tariff agenda invites global retaliation3. Major AI/Tech profit warning – US equity valuations contract on long-term earnings fears

Source: Sarasin & Partners, January 2025

Sarasin Balanced Model Portfolio pre and post January rebalance



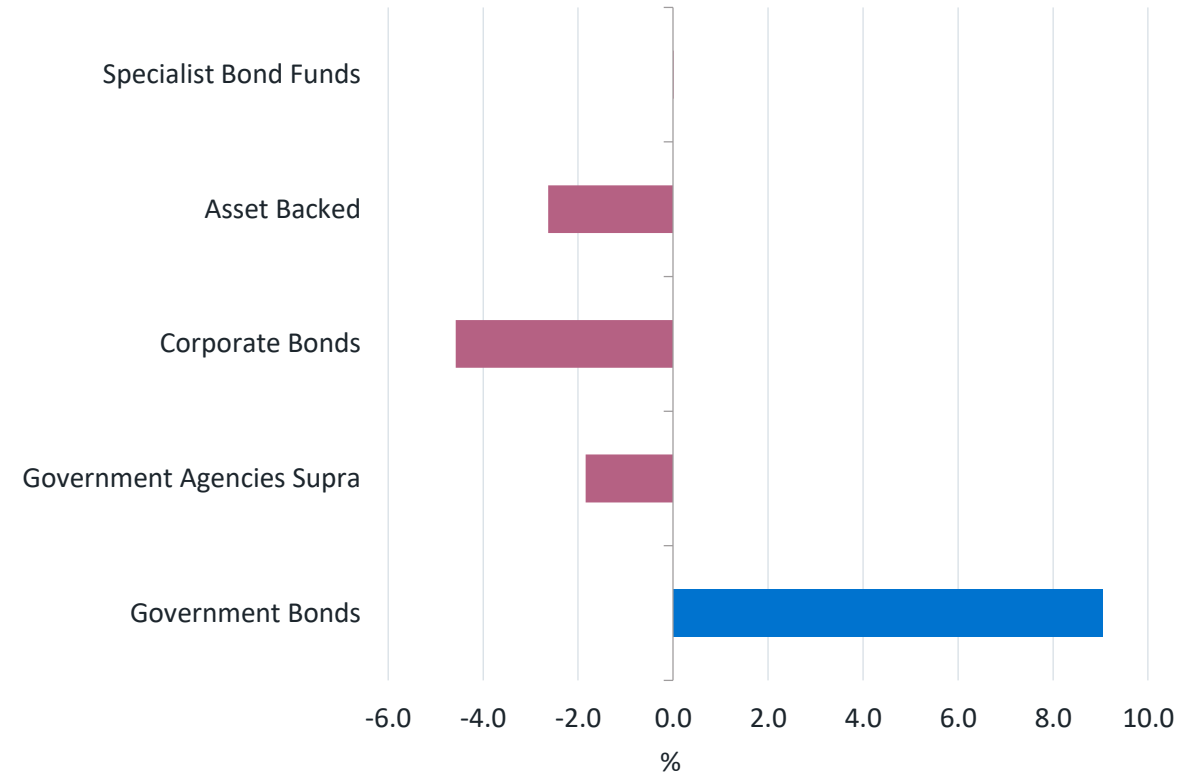
No change at the Primary Asset Allocation level



Source: Sarasin & Partners, January 2025



Differences in Bond exposure pre and post rebalance



Source: Sarasin & Partners, 1 January 2025 to 20 January 2025

Important information

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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.

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. 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.

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