

SARASIN
& PARTNERS

Six Minute Strategy

Why quality matters

October 2025

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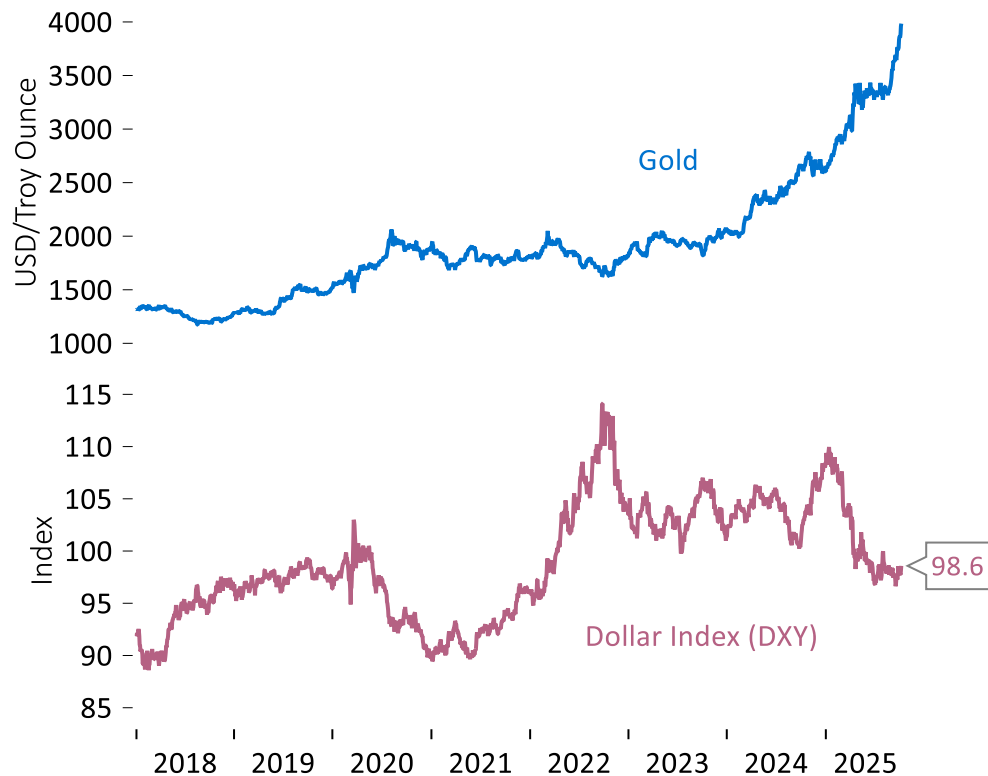


Gold and the dollar

Long-term gold demand supported by central bank diversification away from US Treasuries

 Gold price hits all-time high – dollar weakens

World, Gold, New York, USD



Source: Macrobond, 08.10.25

 Reserve managers showing a preference for gold

Holdings of Reserve Assets



Source: Macrobond, 08.10.25

Global equity rally continues

Quality* style lagged in post Liberation Day rally – but valuation now looks attractive



Equities rally from Liberation Day

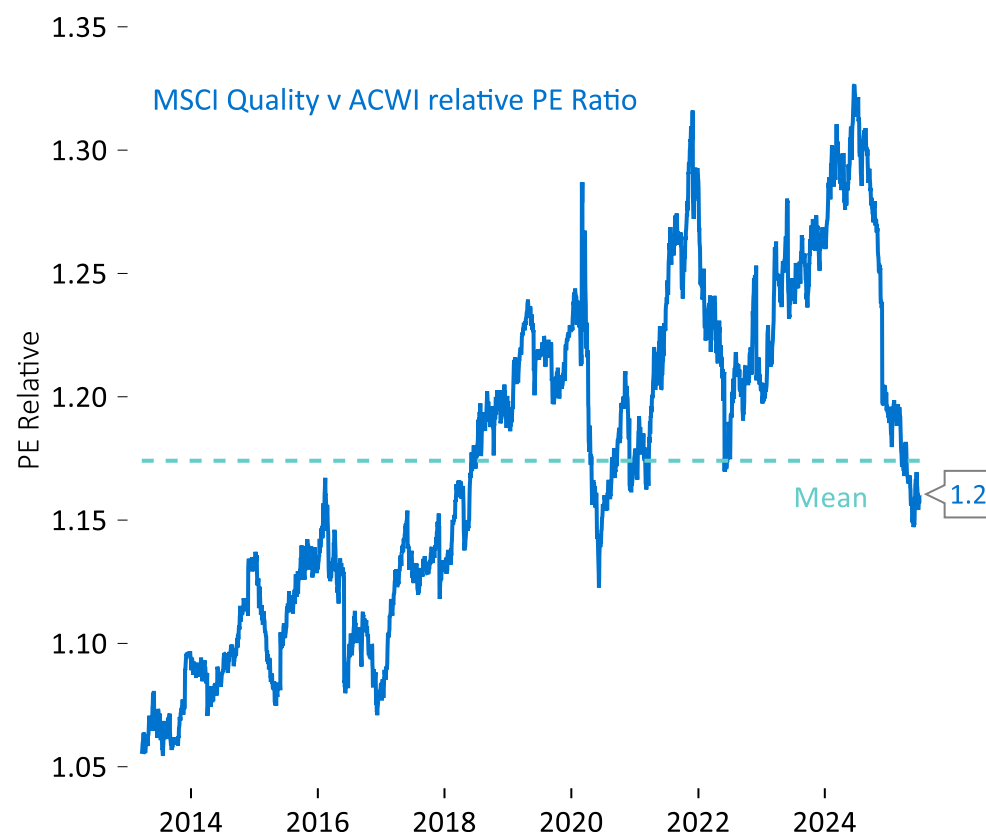
MSCI World Indices GBP
Rebased at 100



Source: Macrobond, 08.10.25



Quality stocks now look fairly priced



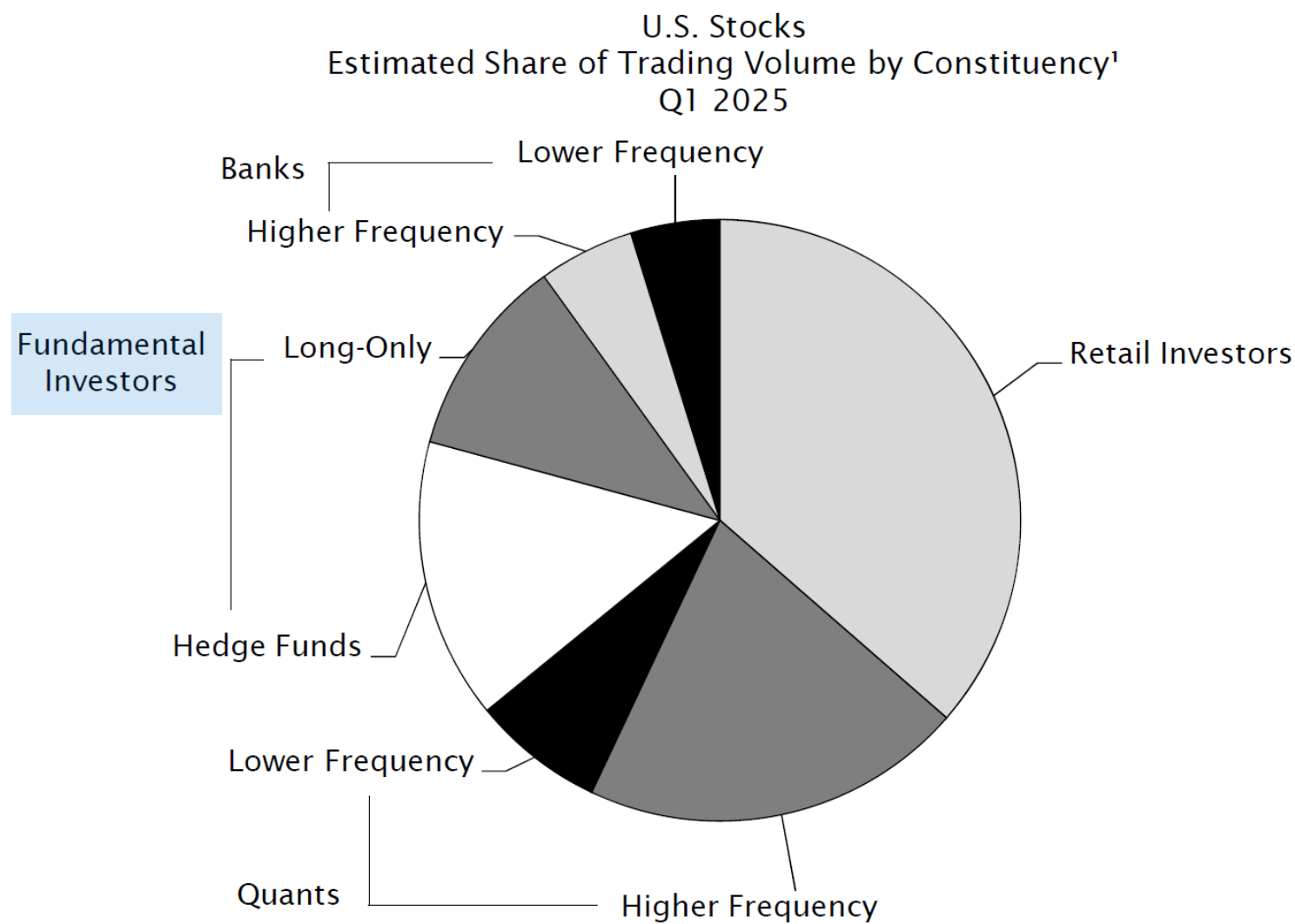
Source: Macrobond, 08.10.25

* MSCI quality definition: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage.

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

Equity market fragmentation

Retail and high frequency dominate short term returns



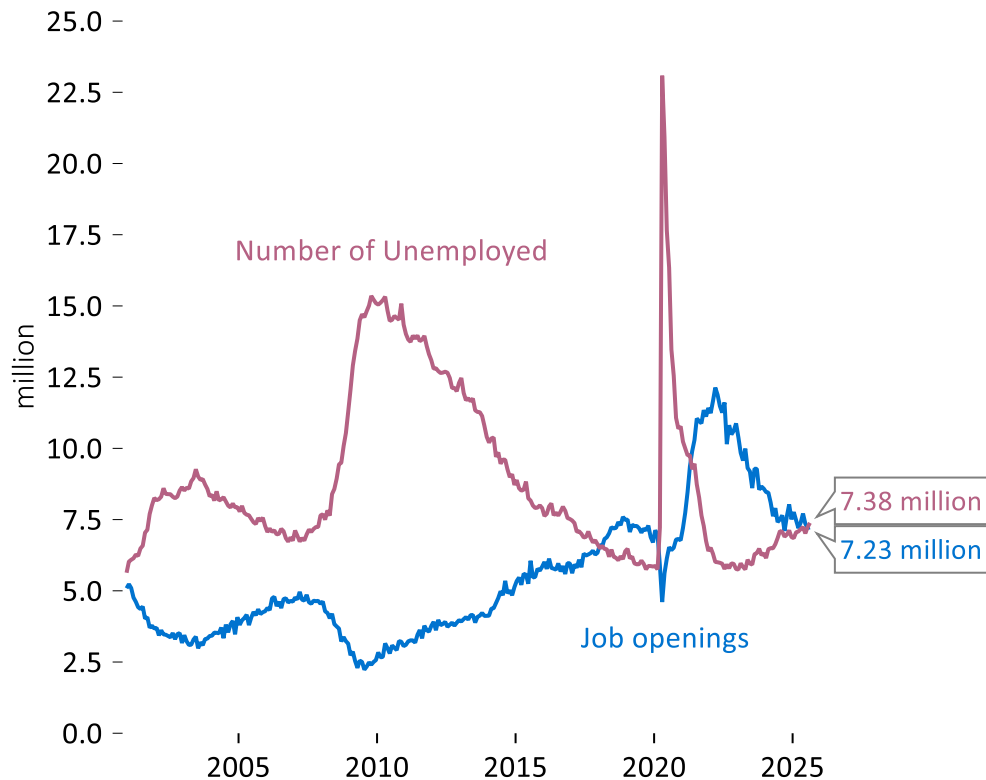
Source: Empirical Research Partners Analysis, September 2025

US: Economy slowing but recession not likely

Labour market softens while tariff impact is showing up in prices

US Labour demand and supply moves onto balance

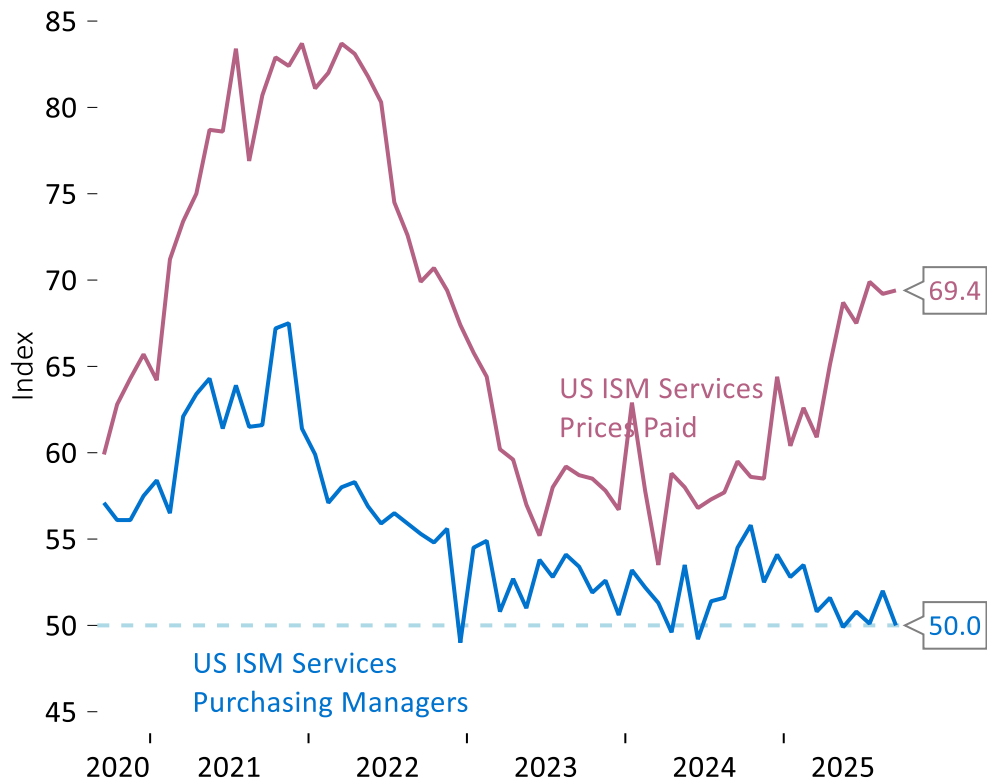
US Labour Markets



Source: Macrobond, 08.10.25

Business sentiment fades while prices climb

US ISM Services Business Survey

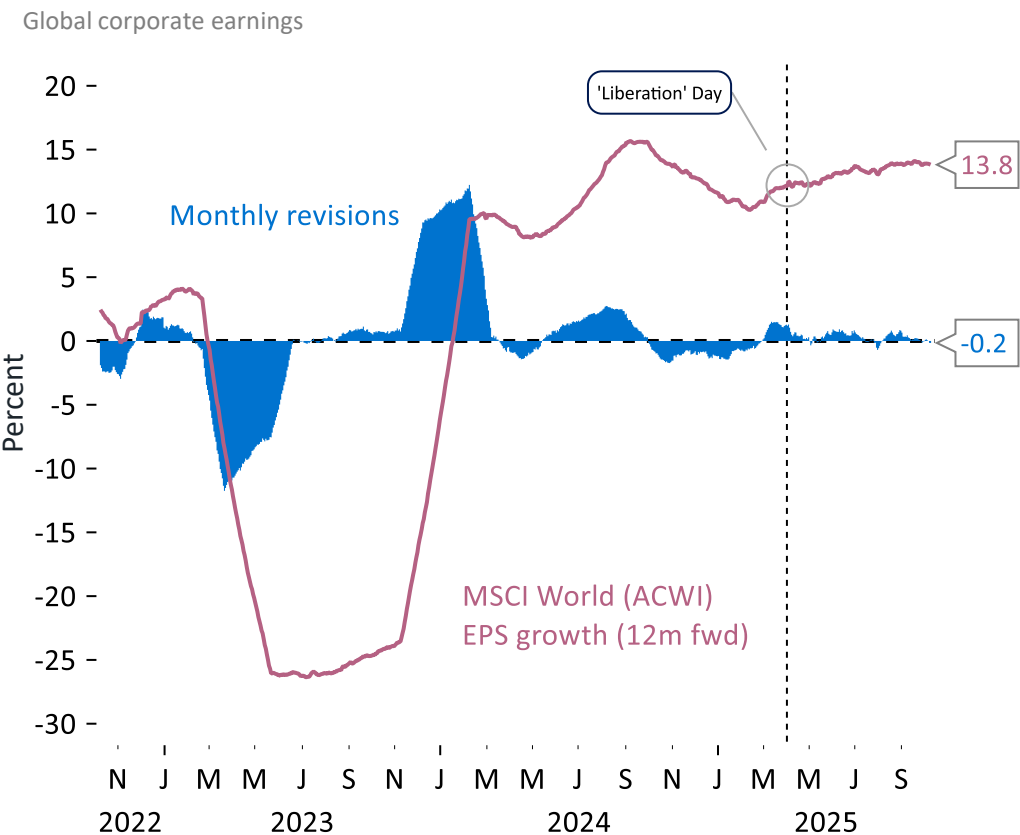


Source: Macrobond, 08.10.25

Global equities still look attractive

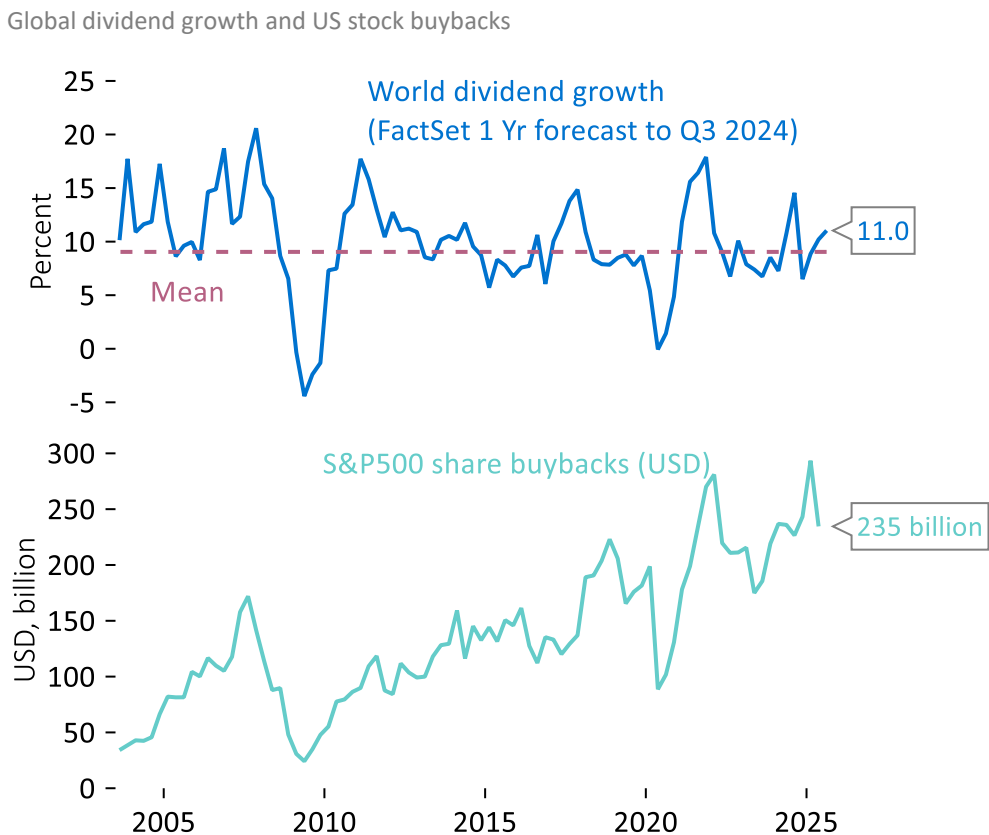
Earnings revisions positive – dividends and buy-backs strong – retain quality bias

Global earnings growth robust



Source: Macrobond, 08.10.25

Global dividend strong and US buy-backs near record



Source: Macrobond, 08.10.25

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Policy summary

Global Strategy October 2025

Bonds	Underweight <ul style="list-style-type: none">• Neutral government: yields offer fair value with further interest rate cuts likely across most major economies• Underweight credit: spreads remain historically tight – risk reward dynamic unfavourable
Equities	Overweight <ul style="list-style-type: none">• Equity: global equity earnings remain robust – buybacks and dividend growth strong – quality attractive• Valuation: US equities expensive but AI linked cashflow still climbing
Alternatives	Neutral <ul style="list-style-type: none">• Alternatives: diversified exposure to absolute return funds, private equity and infrastructure• Overweight gold: EM central bank buying supports demand – gold in bank reserves now greater than euros
Cash	Underweight <ul style="list-style-type: none">• Long-term dollar depreciation against a broad basket of currencies – Asian/Euro currencies main beneficiaries
Risks	<ol style="list-style-type: none">1. Stagflation: tariffs leave inflation sticky – growth slows globally2. Inflationary boom: AI related capex investment leads to growth and earnings boom, pushing up inflation and long-term yields3. Climate risks: 2024 hottest year on record – 2025 likely worse – greenhouse gas emissions stubbornly high4. Valuation: equity valuations vulnerable as long-rates climb – signs of excess evident (electronics)

Source: Sarasin & Partners, October 2025

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