SARASIN
& PARTNERS

Six Minute Strategy

Can global earnings continue to defy gravity?

November 2025

Another strong quarter for global earnings

Earnings and sales surprise again – can it continue?

Global earnings analysis – Q3 2025 (Bloomberg)

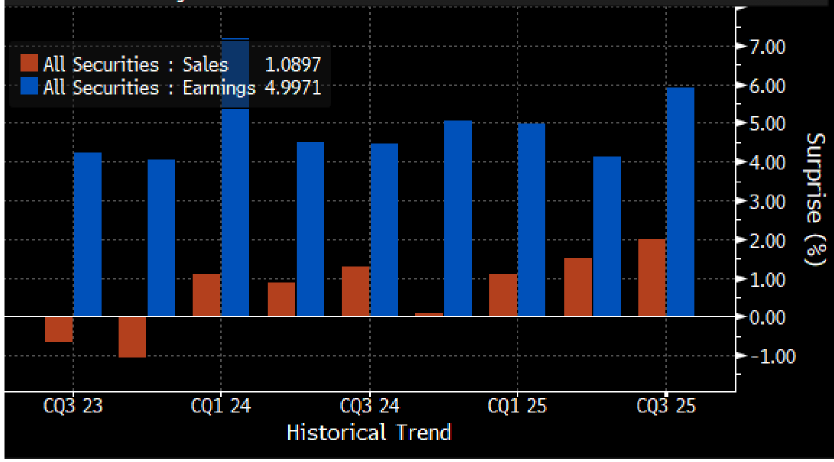
Range Current Season | CQ3 Ending: 8/16/2025 - 11/15/2025 | Periodicity Quarter

BICS

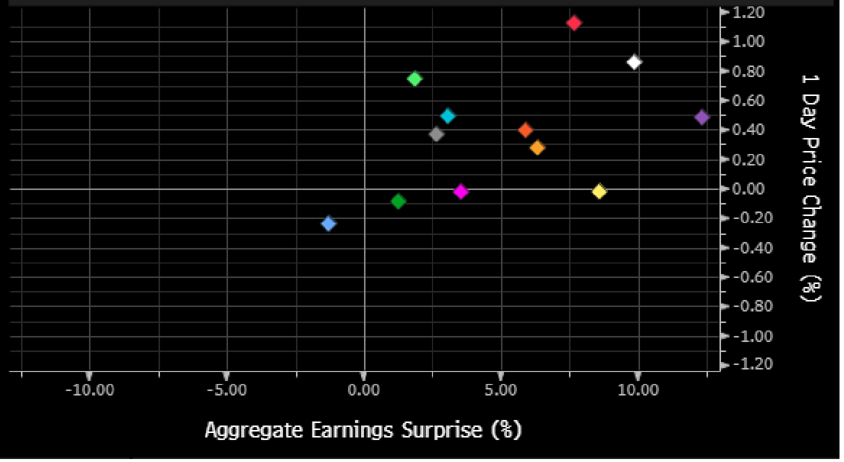
Surprise | Growth

Sector (BICS)	Reported	Sales Surprise	Earnings Surprise
11) All Securities	2158 / 2792	2.01%	5.90%
12) > Materials	190 / 242	-0.26%	9.86%
13) > Industrials	362 / 463	1.45%	3.07%
14) > Consumer Staples	128 / 172	-0.33%	3.55%
15) > Energy	108 / 130	4.90%	1.87%
16) > Technology	256 / 332	1.75%	7.67%
17) > Consumer Discretionary	205 / 289	1.63%	2.65%
18) > Communications	110 / 136	1.03%	-1.28%
19) > Financials	408 / 542	4.49%	8.59%
20) > Health Care	195 / 229	2.00%	12.33%
21) > Utilities	95 / 125	0.70%	6.33%
22) > Real Estate	101 / 126	2.29%	1.26%

Historical Analysis



Price Reaction



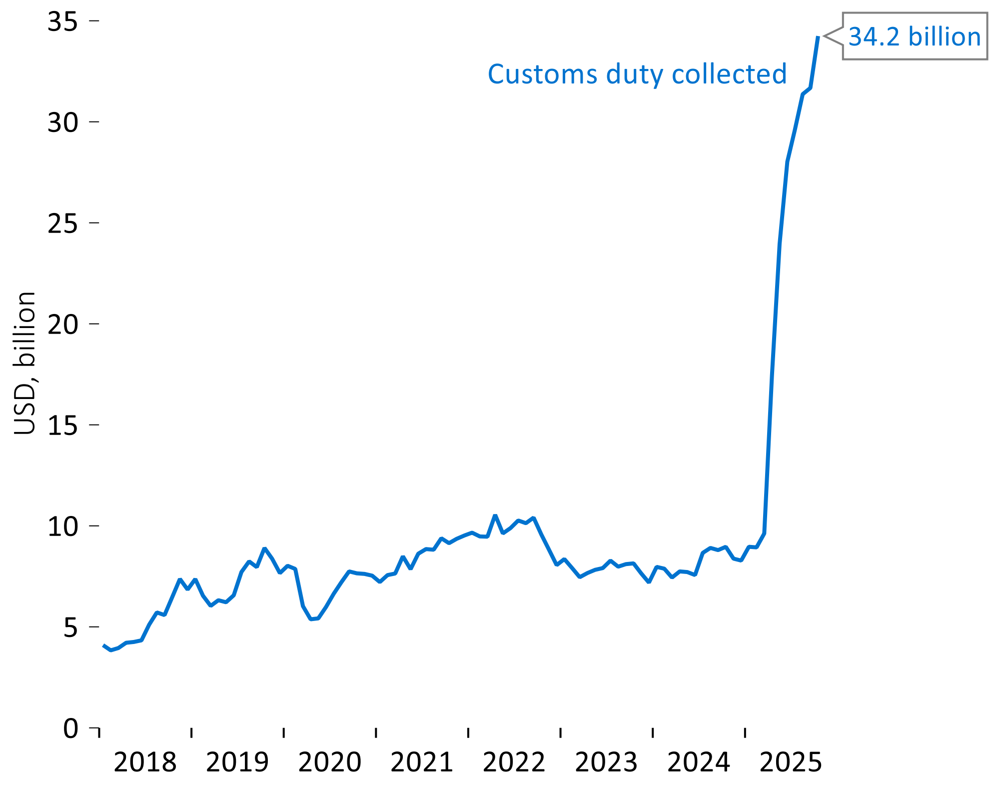
Source: Bloomberg November 2025

1. Tariffs: White House's agenda is falling into place

Average effective tariff rate of about 17.5%

Meaningful tariff revenue for US (est. U$400bn pa)

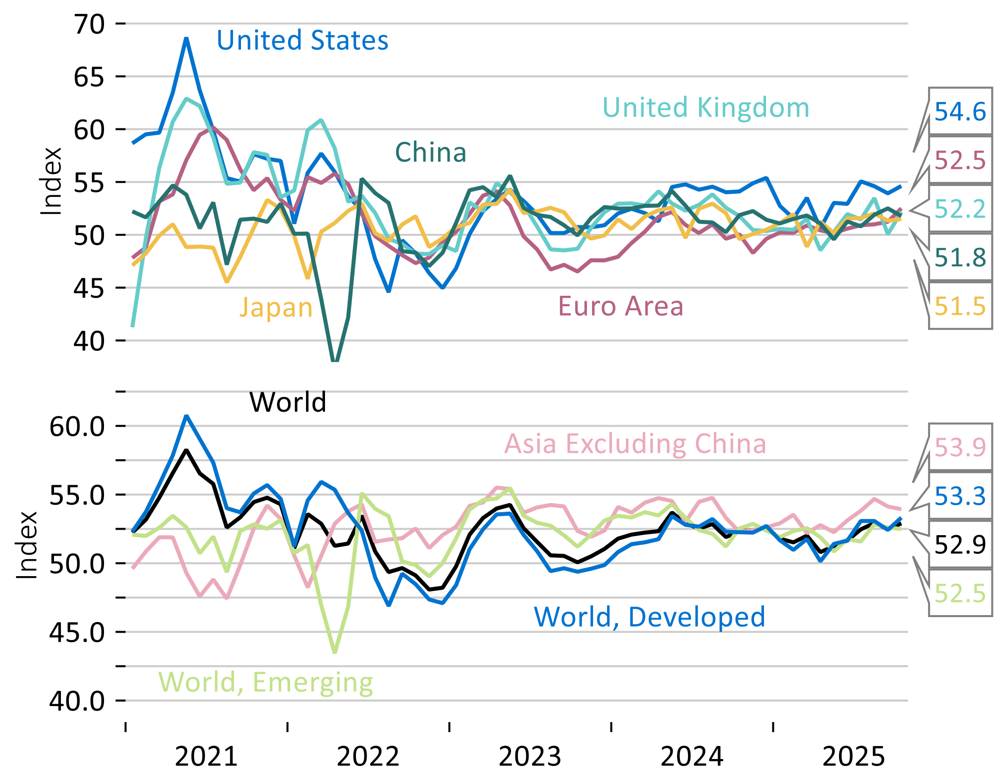
US customs duty collected monthly



Source: Macrobond, 12.11.25

Global business seems to be looking through tariffs

PMI Composite Indices



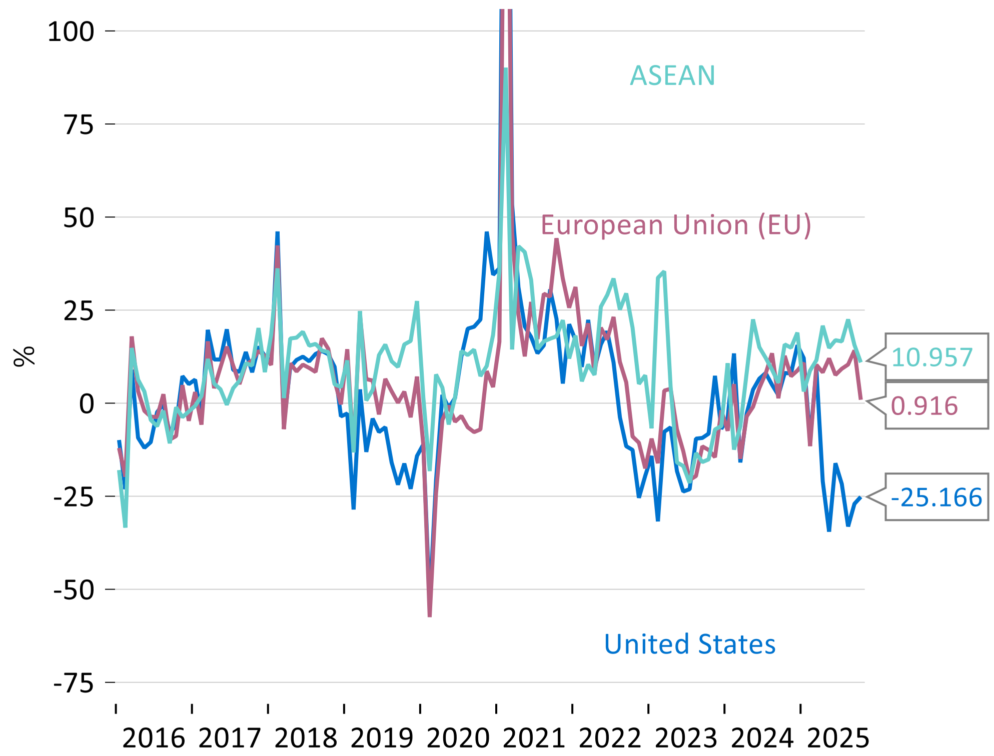
Source: Macrobond, 12.11.25

2. China: Exports remain robust despite trade war

China trade pivots to EU and Asia – note sophistication of China exports rising

Trade diverting away from US

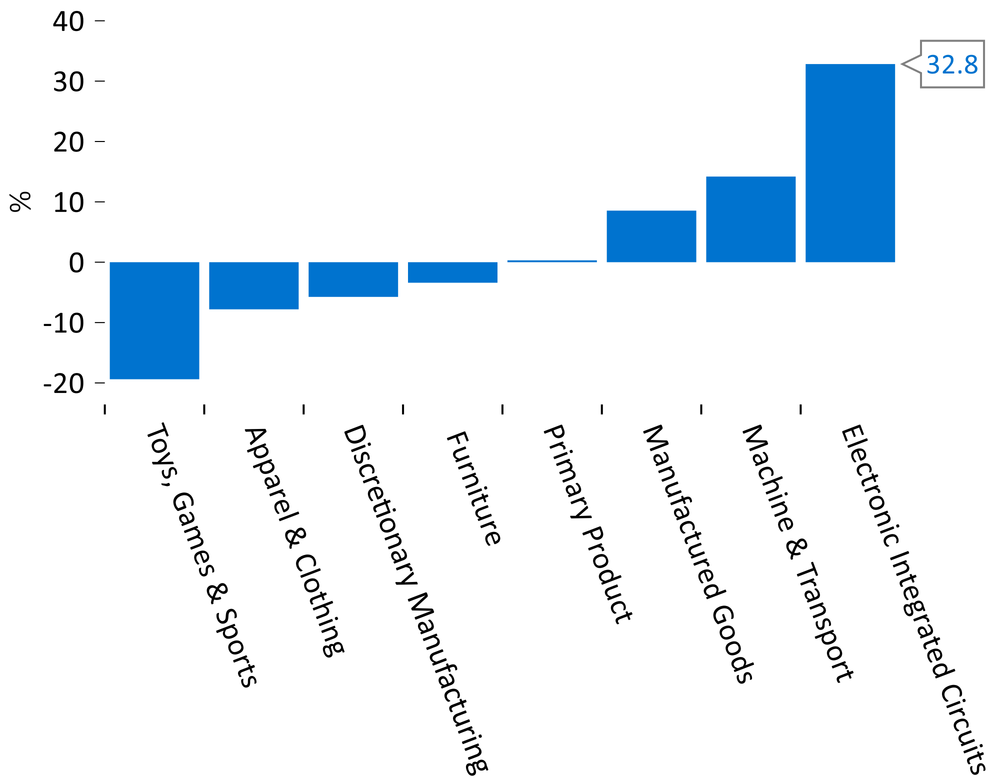
China, Foreign Trade, Export, By Country/Region, Export, Value (Macrobond Calculated), USD



Source: Macrobond, 12.11.25

Tech exports offsetting blow to consumer discretionary

China Export Growth by Category

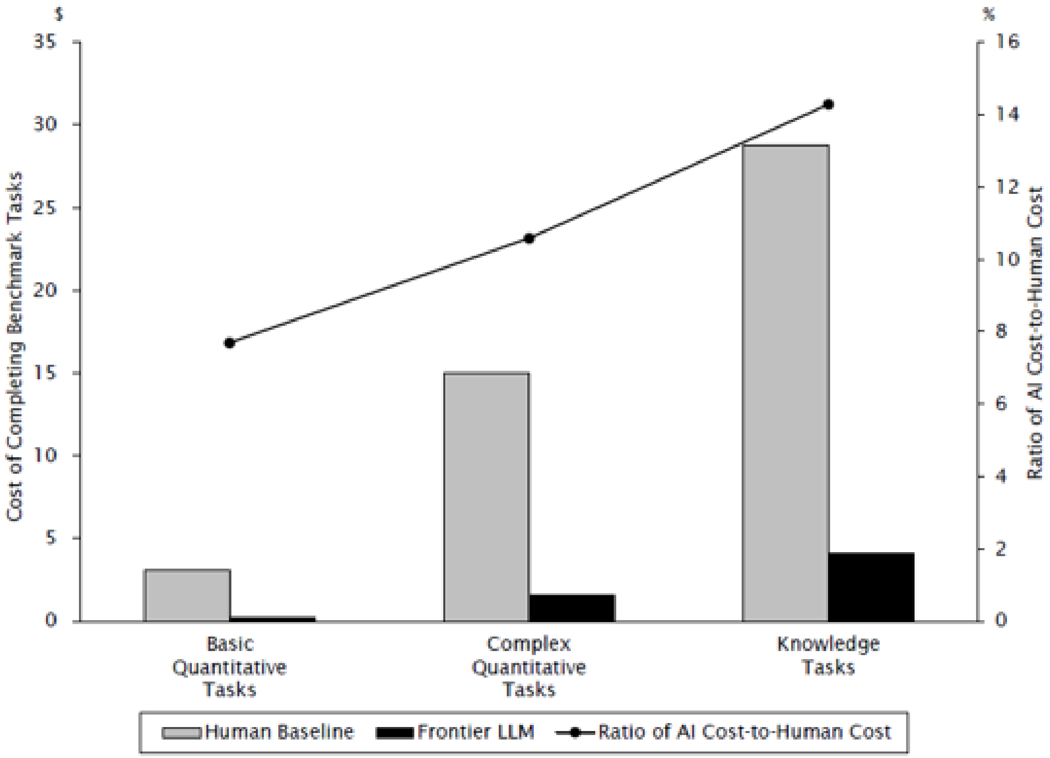


Source: Macrobond, 12.11.25

3. AI: Capital spending continues

Successful implementation will start in knowledge industries – in time it will be deflationary

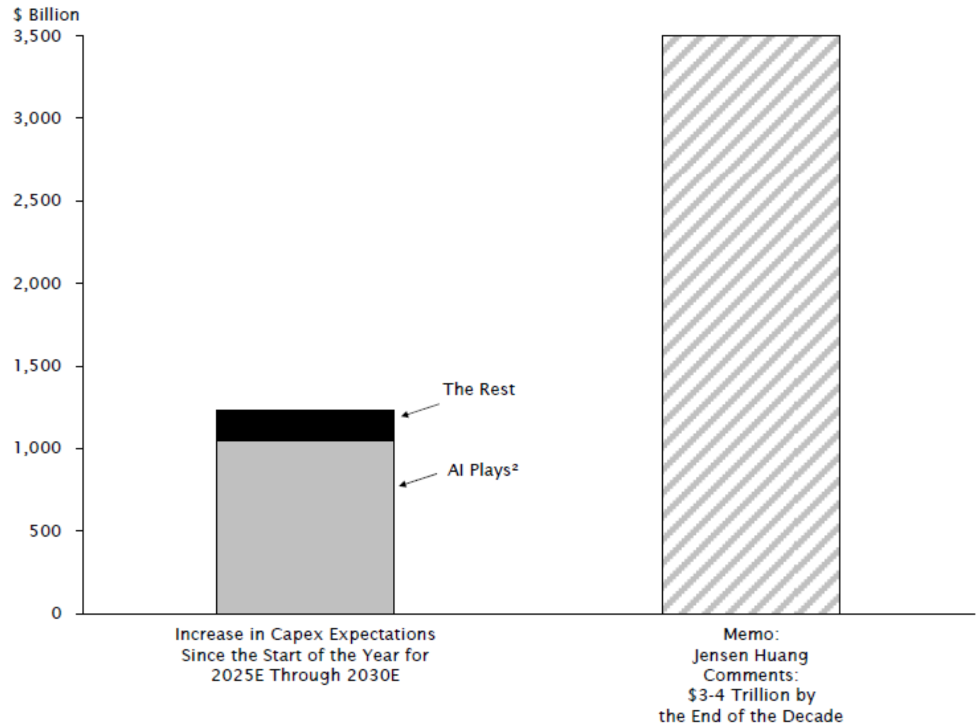
Ratio of AI cost to human costs



[1] Basic quantitative tasks: grade school-level arithmetic; complex quantitative tasks: competition-level mathematics; knowledge tasks: recalling and reasoning over factual knowledge, including answering scientific knowledge-intensive questions.

Source: Empirical Research, September 2025

Increase in capital spending on AI Vs. rest of US economy



Source: Visible Alpha, Empirical Research Partners Analysis.

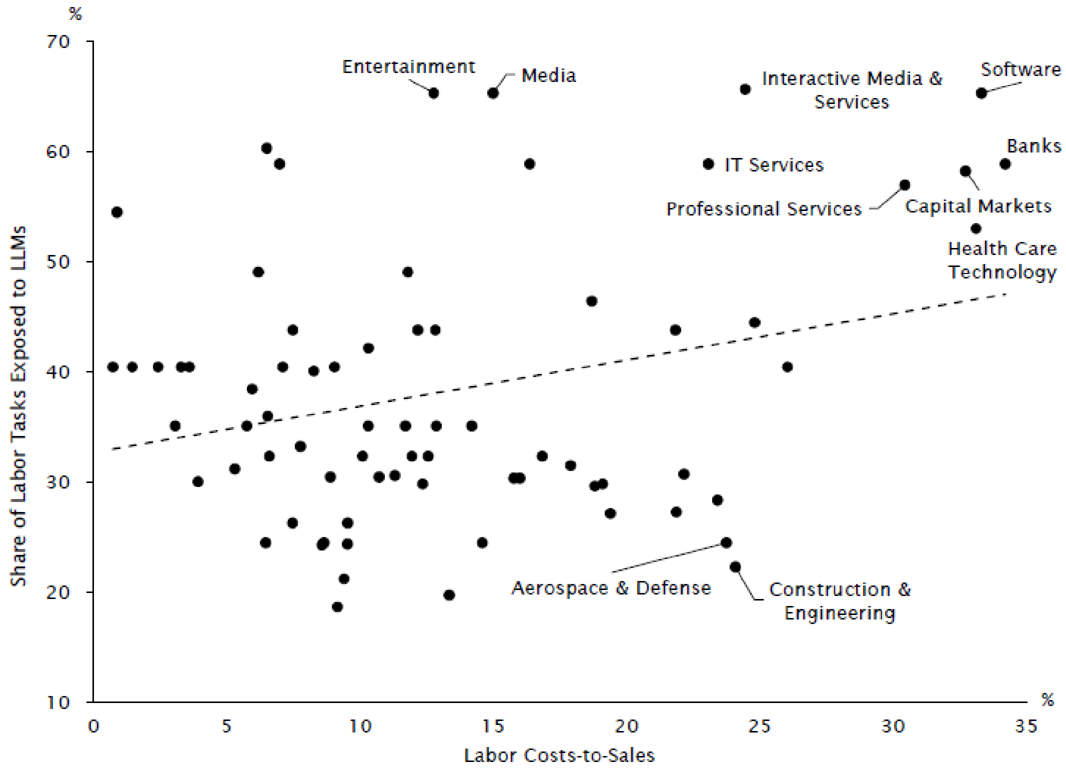
[1] Aggregate Data.
[2] 55 stocks, the ten largest are Nvidia, Microsoft, Alphabet, Amazon, Meta, Broadcom, Tesla, Oracle, Palantir, Cisco.

Source: Empirical Research Sept 2025

4. AI: Impact on labour market

AI cost savings highest in financials, software and media where the workforce is highly educated

Share of labour tasks that are Large Language Model exposed vs. labour costs to sales



Source: Empirical Research Partners Analysis. Eloundou, T., Manning, S., Mishkin, P., and Daniel Rock, 2023, "GPTs are GPTs: An Early Look at the Labor Market Impact Potential of Large Language Models," Working Paper.

Source: Empirical Research, September 2025

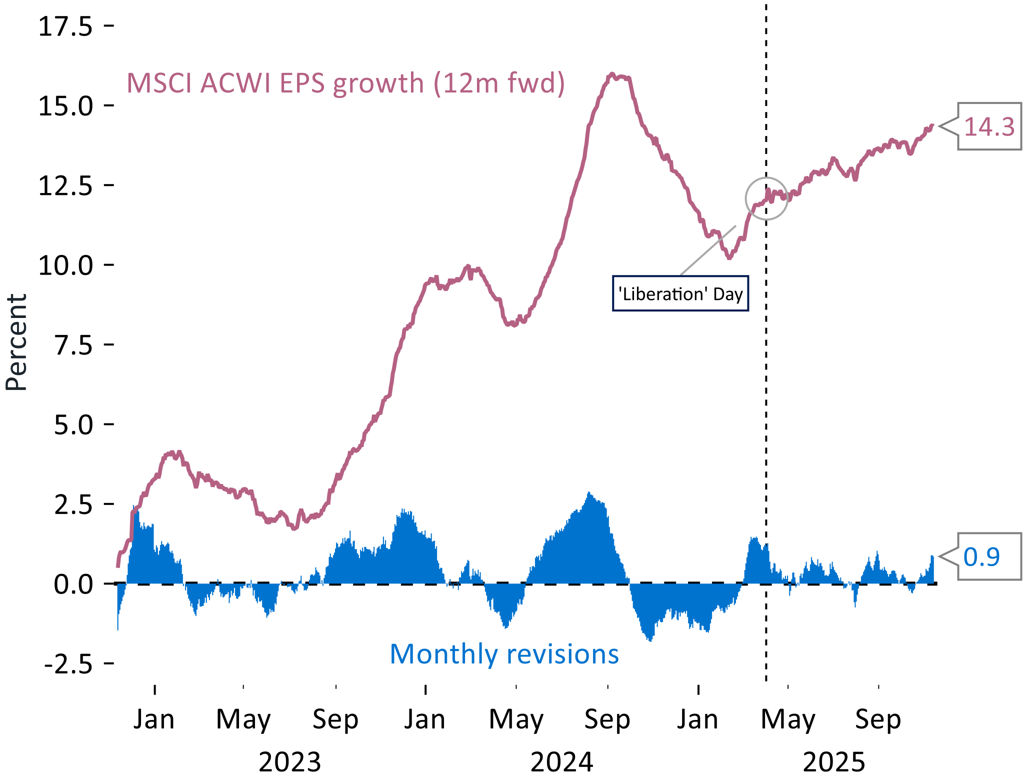
Source: Empirical Research Partners Analysis. Eloundou, T., Manning, S., Mishkin, P., and Daniel Rock, 2023, "GPTs are GPTs: An Early Look at the Labor Market Impact Potential of Large Language Models," Working Paper.

The outlook for global earnings and dividend growth

Earnings revisions positive – dividends and buy-backs robust

Global earnings growth robust

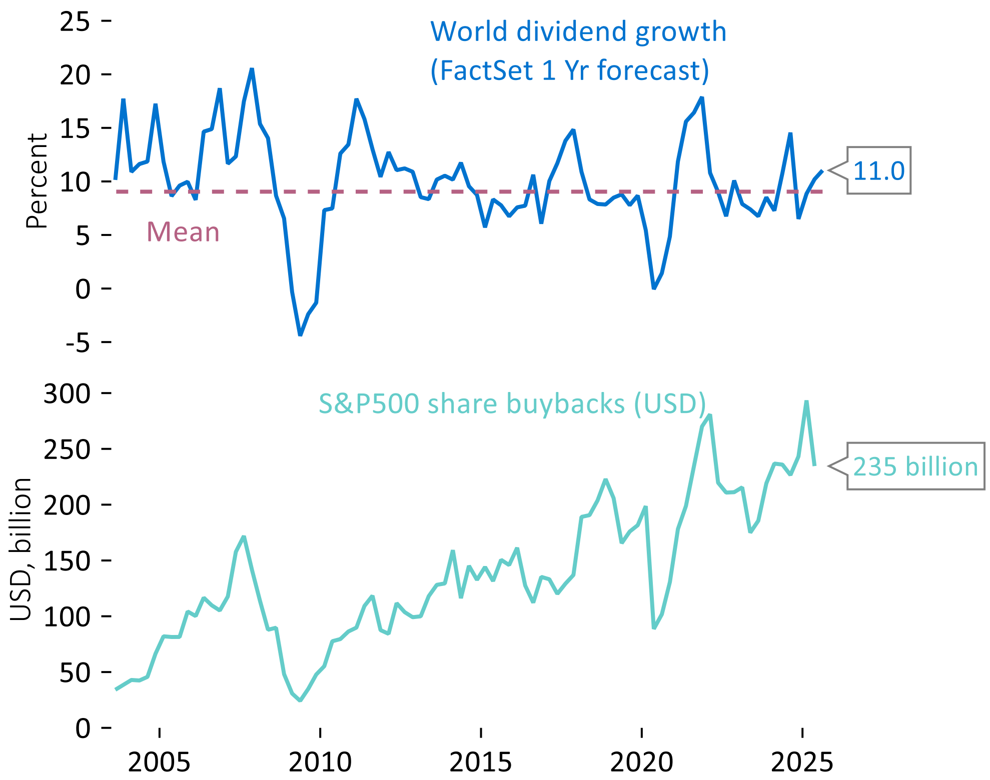
Global corporate earnings



Source: Macrobond, 12.11.25

Global dividend strong and US buy-backs near record

Global dividend growth and US stock buybacks



Source: Macrobond, 12.11.25

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

Policy summary

Global Strategy November 2025

Bonds	**Underweight** • **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** • **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** • **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** • Long-term dollar depreciation against a broad basket of currencies – euro and Asian currencies main beneficiaries
Risks	1. **Stagflation:** tariffs leave inflation sticky – growth slows globally 2. **Inflationary boom:** AI capex leads to growth and earnings boom, pushing up inflation and long-term yields 3. **Climate risks:** 2024 hottest year on record and 2025 likely worse – greenhouse gas emissions stubbornly high 4. **Valuation:** equity valuations vulnerable as long-rates climb – signs of excess evident (electronics)

Source: Sarasin & Partners, November 2025

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