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Sarasin & Partners Webinar: MPS Strategy Update

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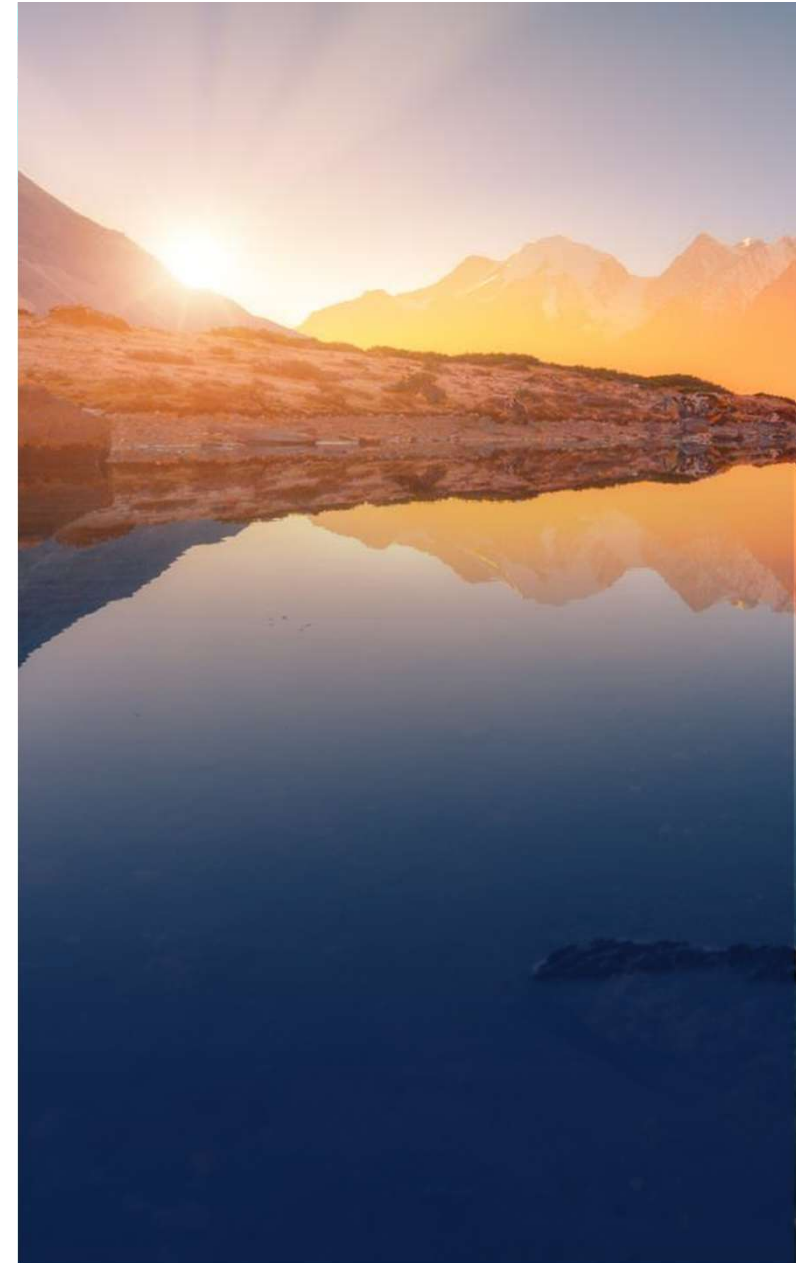


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Agenda

- Review of 2025: What went right and wrong last year?
- Integration of Managed Funds: Update
- Current positioning
- Market outlook



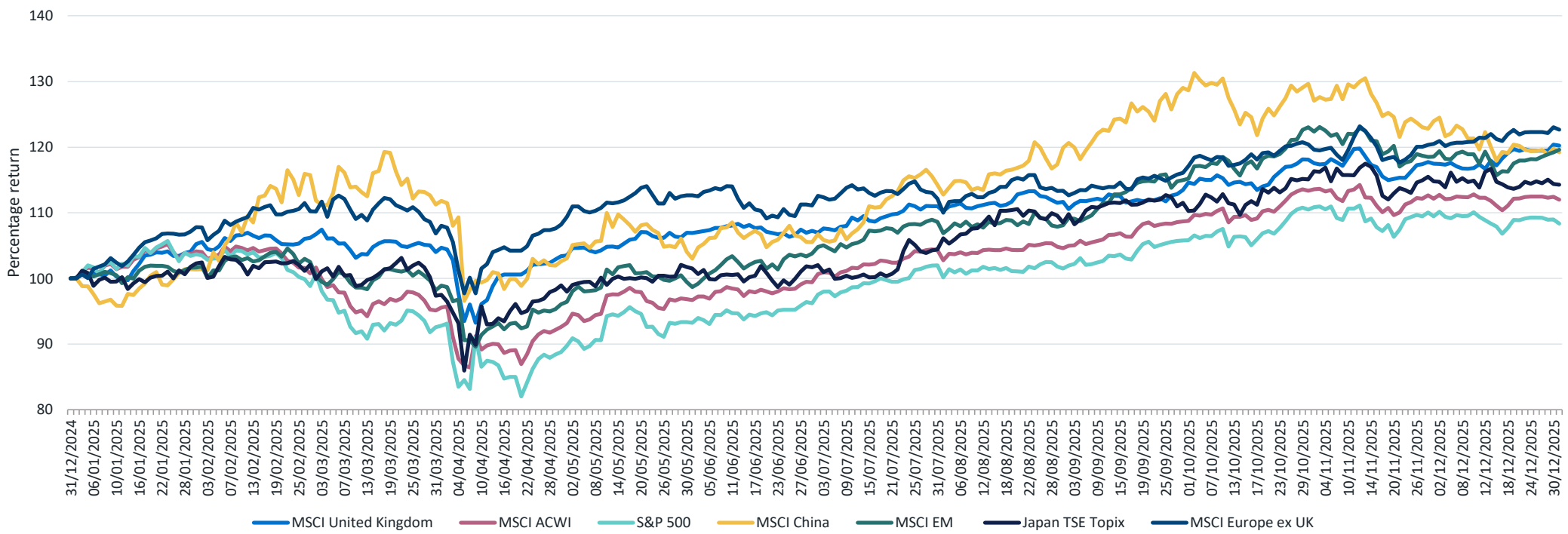
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What went right and wrong in 2025?



Global equity performance 2025

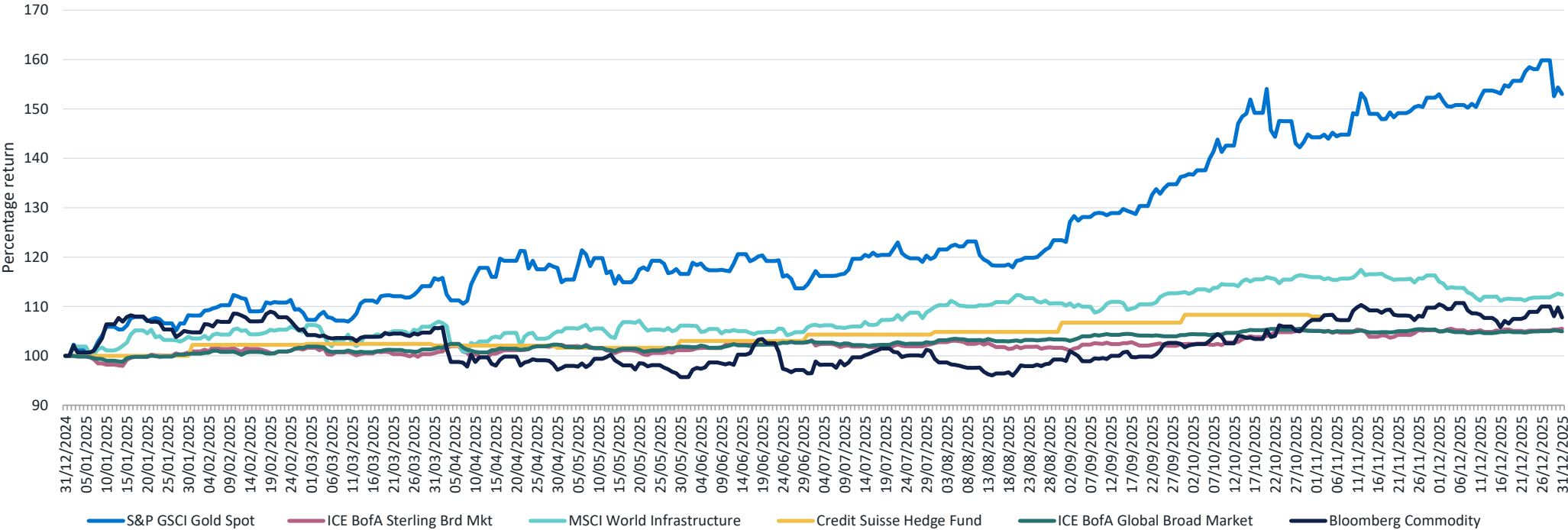
Performance of global equity markets 2025



Past performance is not a reliable indicator of future results and may not be repeated.
 Source: FactSet, data as of 31.12.25

Bonds and alternatives performance 2025

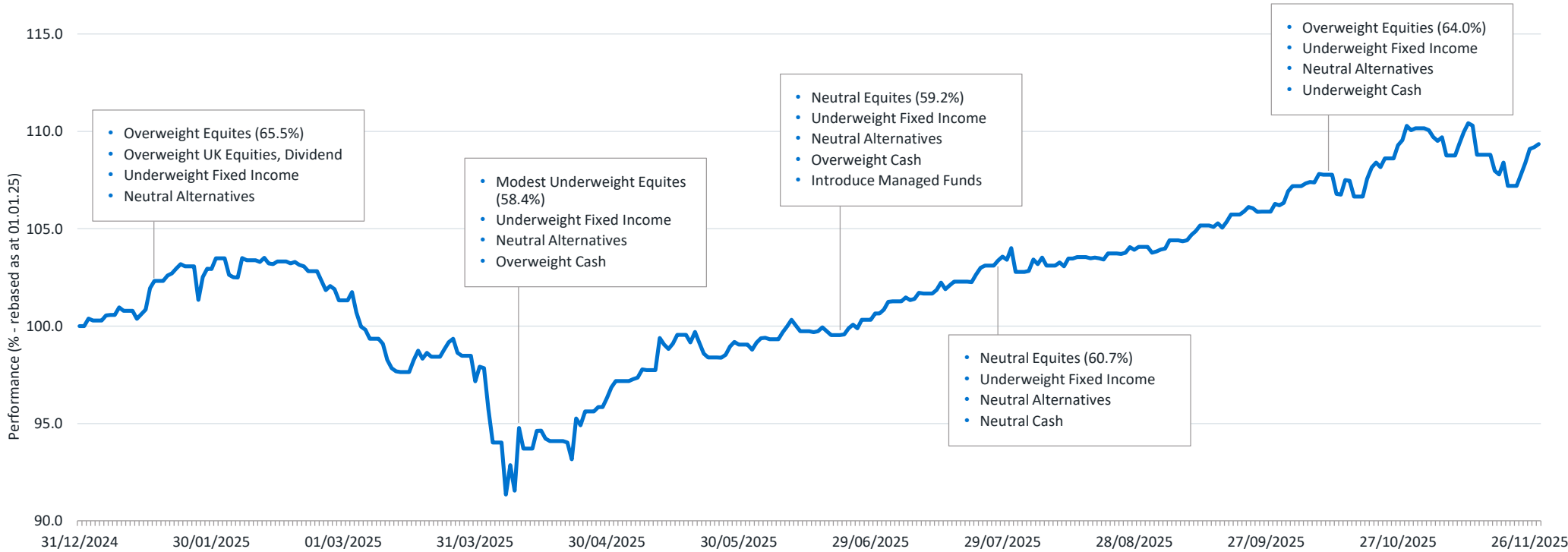
Diversifying assets performance 2025



Past performance is not a reliable indicator of future results and may not be repeated.
Source: Morningstar, data as of 31.12.25

MPS performance 2025

Sarasin Balanced Model Portfolio Performance YTD



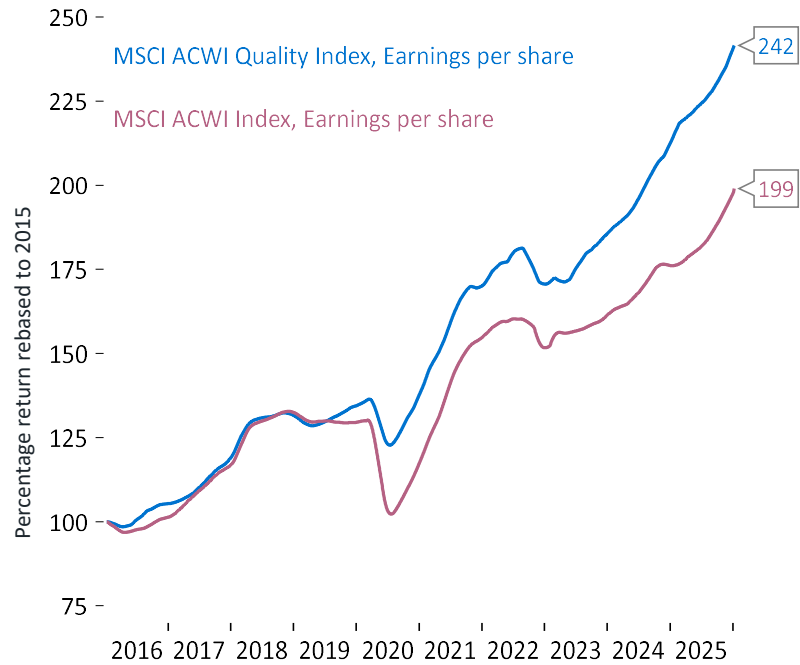
Performance is provided net of fees. Past performance is not a reliable indicator of future results and may not be repeated.
 The past performance was calculated in GBP on a net asset value basis with distributable income reinvested.
 Source: Morningstar, 31.12.24 to 31.12.25

Quality companies consistently outperform

Long term earnings growth with an attractive valuation opportunity



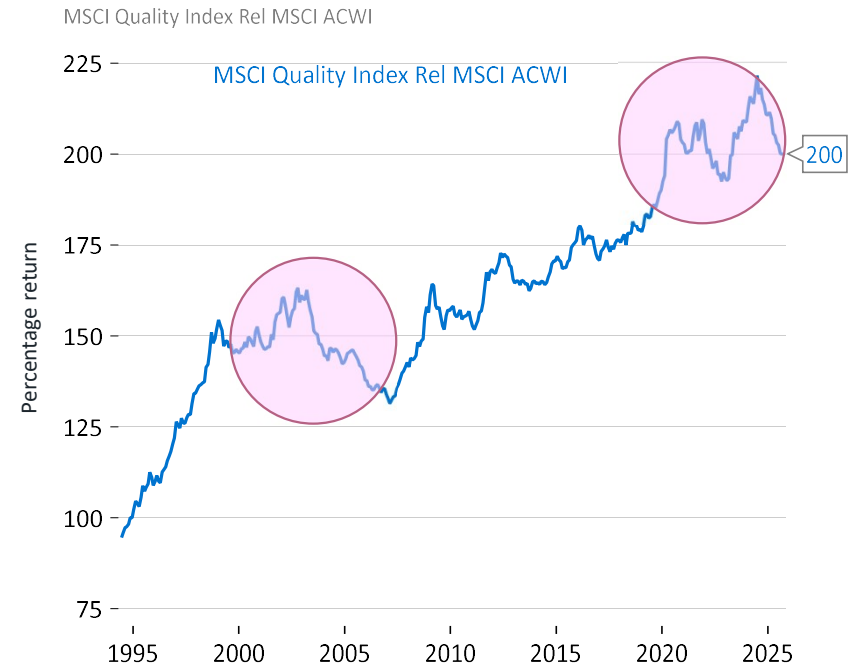
Quality companies grow earnings at 8.7% per annum – 2.3% more than the market as a whole



Source: Macrobond, 08.01.26



Quality index relative performance since inception



Source: Macrobond, 17.10.25

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

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Integration of Sarasin Managed Funds



Investing in the current regime

Expected market outcomes (5–7 years)



Nominal growth

Structural bias to risk assets: **Equities**



Inflation

Caution around nominal assets: **Fixed income**



Interest rates

Mindful of duration



Bond yields

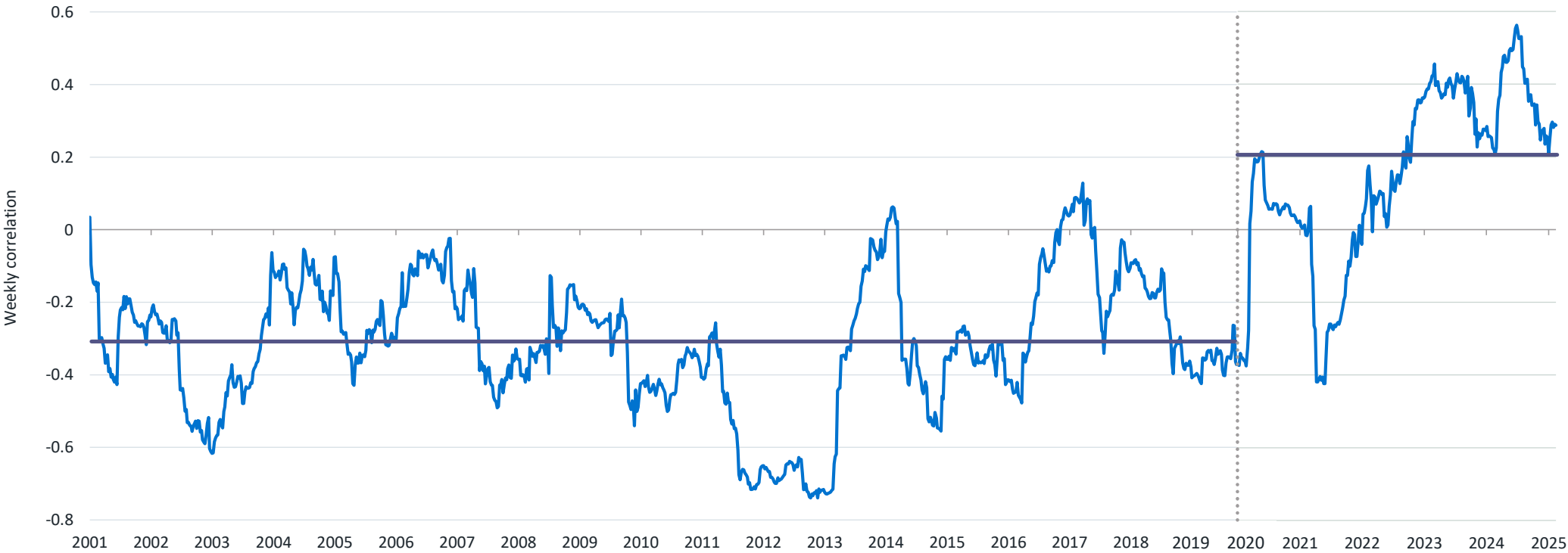
Structural allocation to gold



Volatility

Increasing correlation argues for a wider toolkit

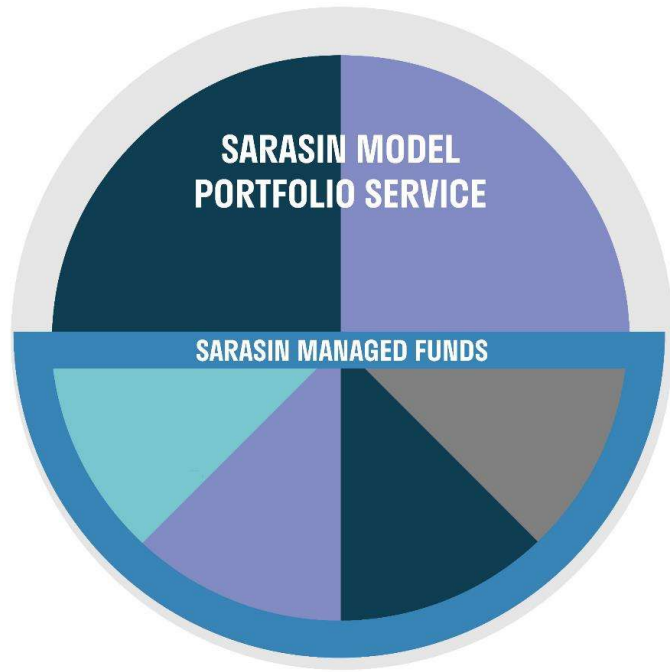
 Correlation of bond and equity markets since 2001



Past performance is not a reliable indicator of future results and may not be repeated.
Source: Sarasin & Partners, Bloomberg. Data as of February 2025. Correlation is measured using a rolling 1 year window of weekly returns.

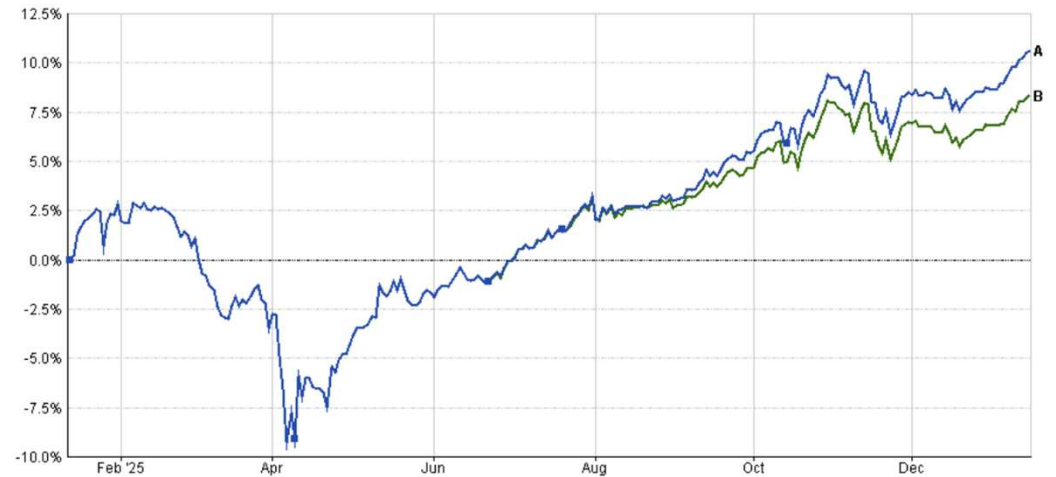
Sarasin MPS – integrating a unitised overlay

Ability to invest in strategic assets difficult to access directly on platforms, faster Tactical Asset Allocation



- Sarasin Thematic Process
- Third Party Passive Funds
- Third Party Active Funds
- ETCs, ETFs, Closed Ended Funds

Integration of Managed Funds has added value for clients



- Sarasin Balanced Model Portfolio
- Sarasin Balanced Model Portfolio – Managed Fund excluded

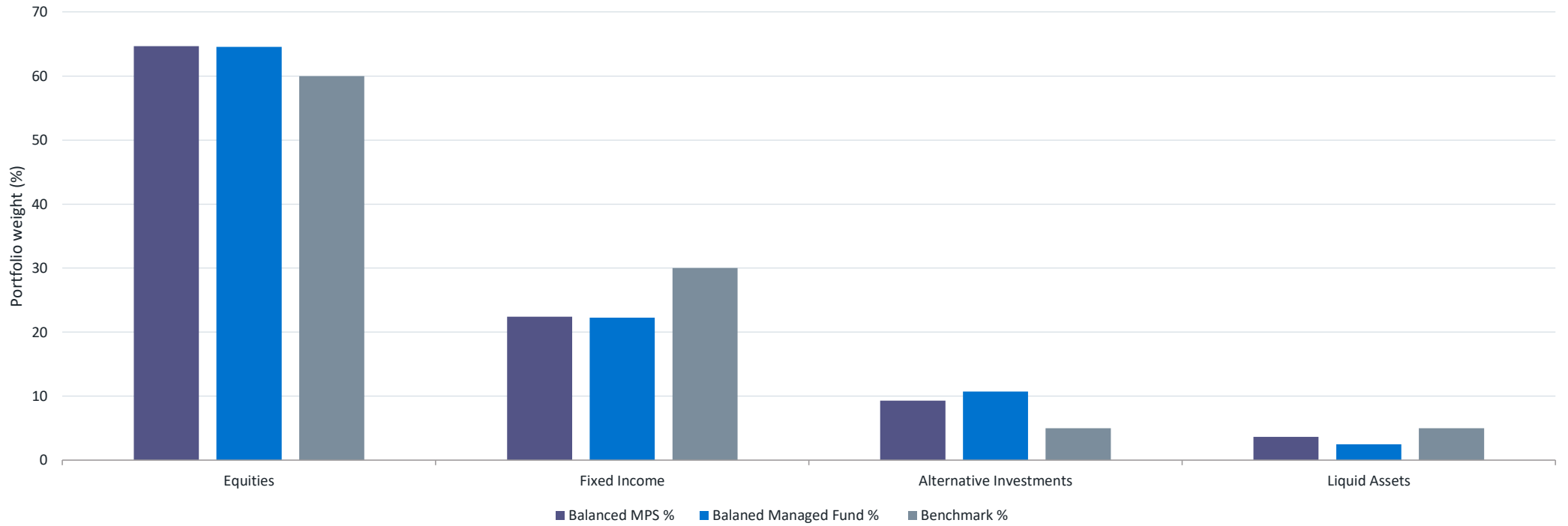
Past performance is not a reliable indicator of future results and may not be repeated.
 Source: FE Analytics, 14.01.26

Current positioning

Sarasin Balanced Managed Fund



Sarasin Balanced Managed Portfolio



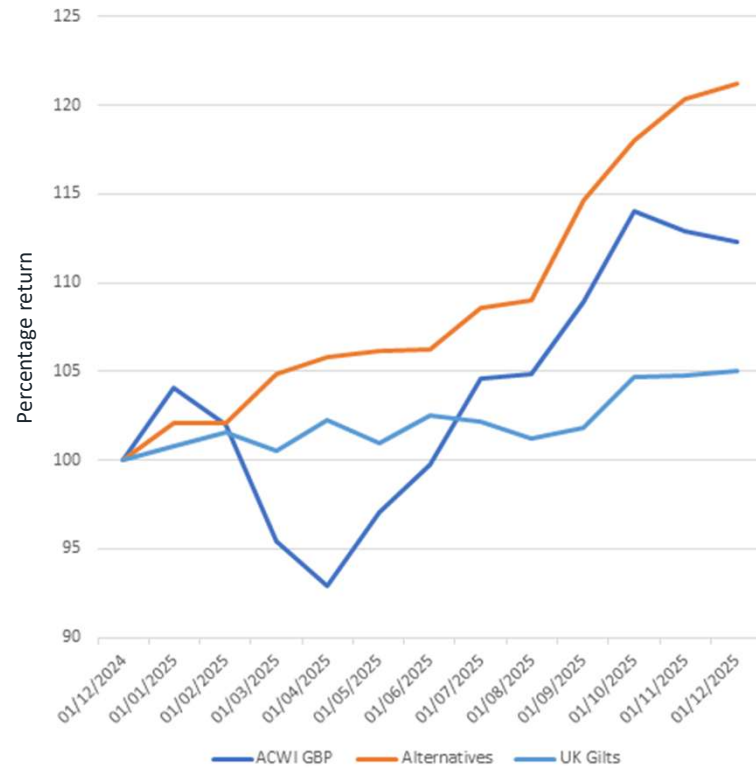
Source: Sarasin & Partners, 25.01.26

Alternatives add value

Performance of Sarasin's alternatives



Alternatives Model performance 2025

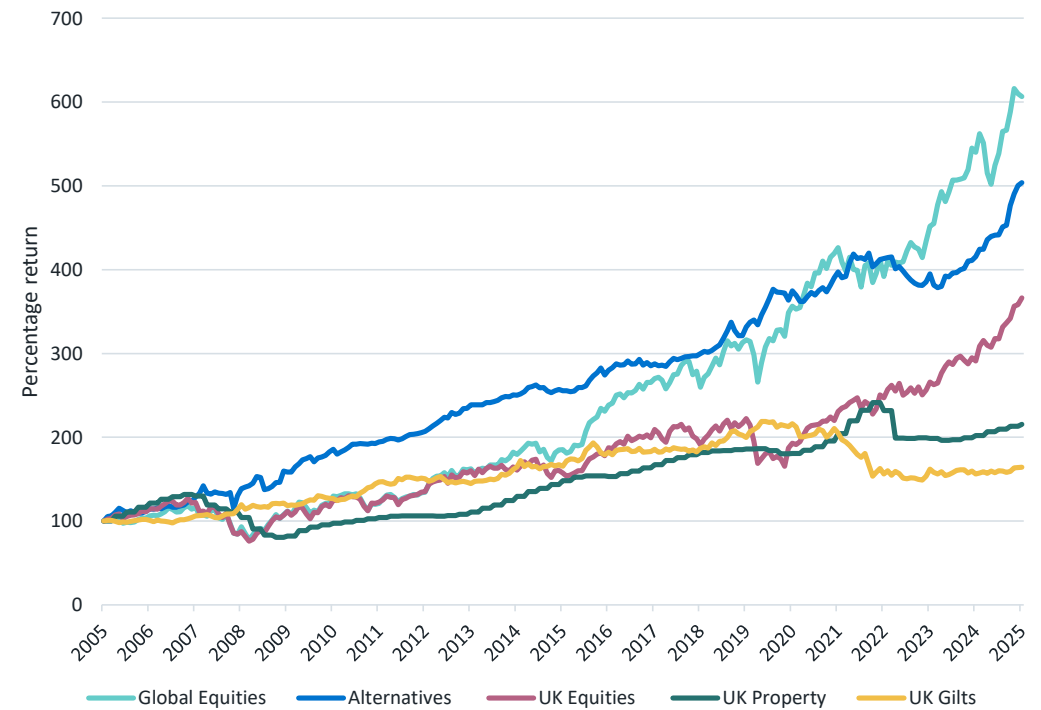


Past performance is not a reliable indicator of future results and may not be repeated.

Source: Sarasin & Partners, 31.12.24 to 31.12.25



Sarasin Endowment Alternatives Track Record

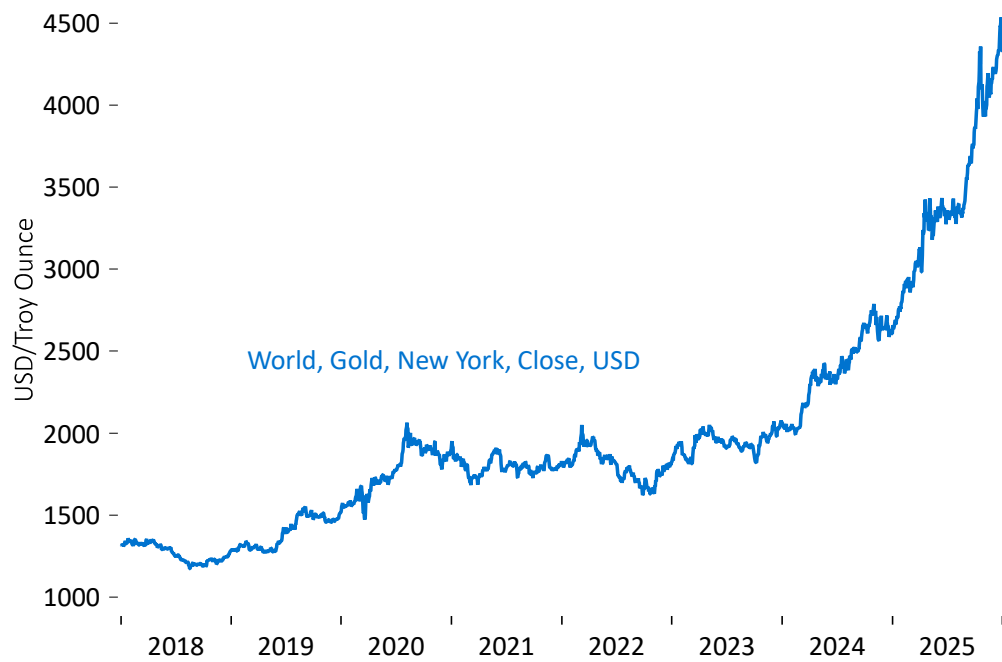


Source: Sarasin & Partners LLP as at 31.12.25. Data collected from the Sarasin Endowments Fund, a multi asset class Charity Authorized Investment Fund, regulated by the FCA and the Charity Commission and audited by Deloitte.

Alternatives: gold overweight – 5% weight in Managed Funds

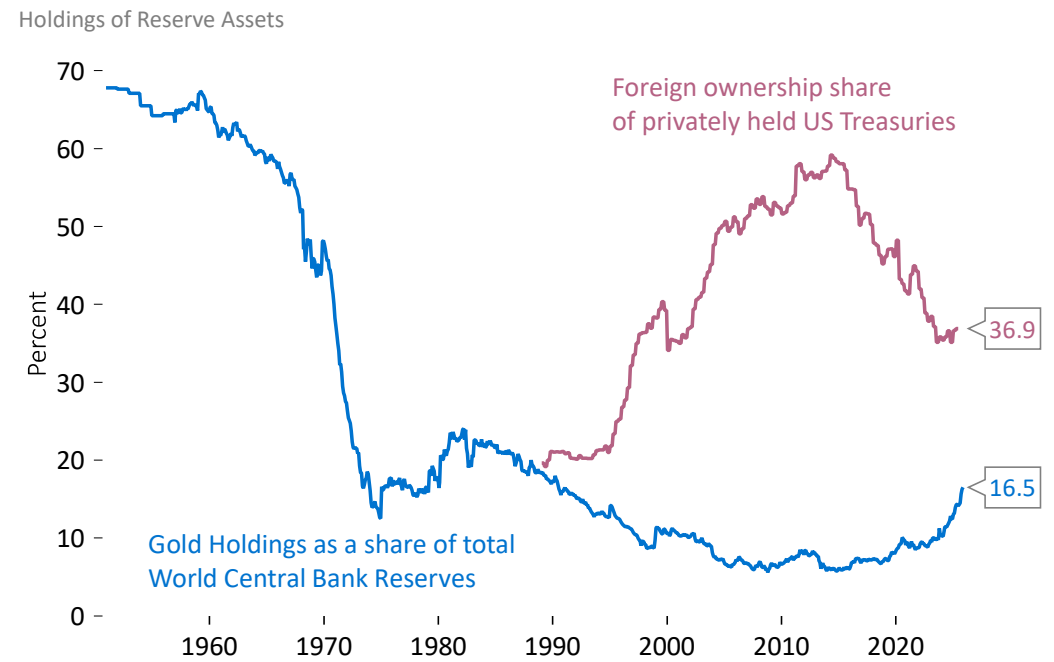
Long term demand supported by central bank diversification away from US Treasuries

Gold price



Source: Macrobond, 26.01.26

Reserve managers showing a preference for gold



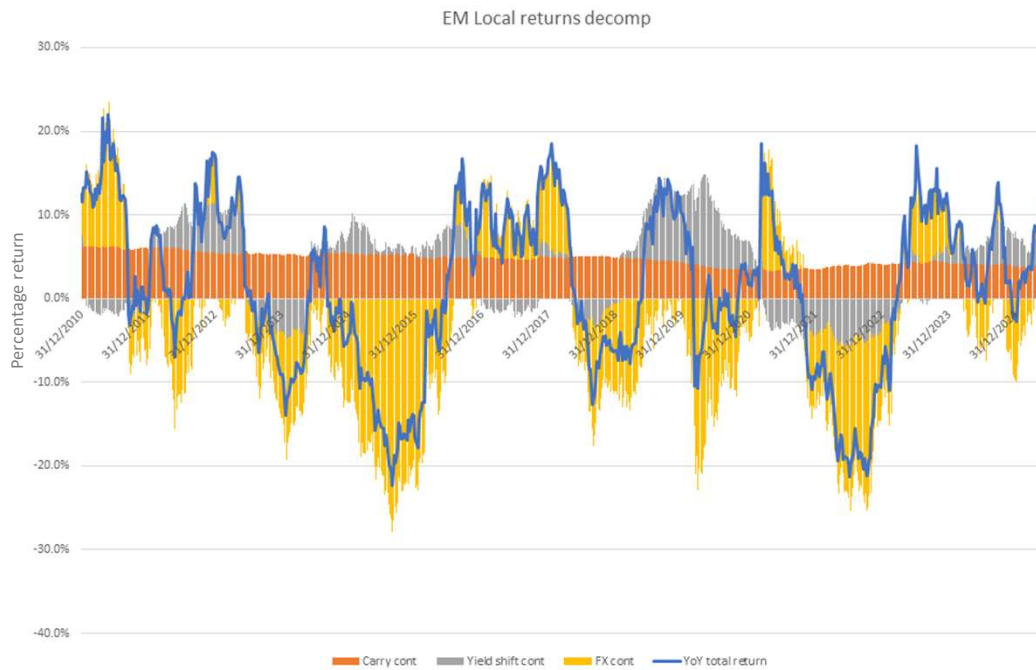
Source: Macrobond, 26.01.26

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

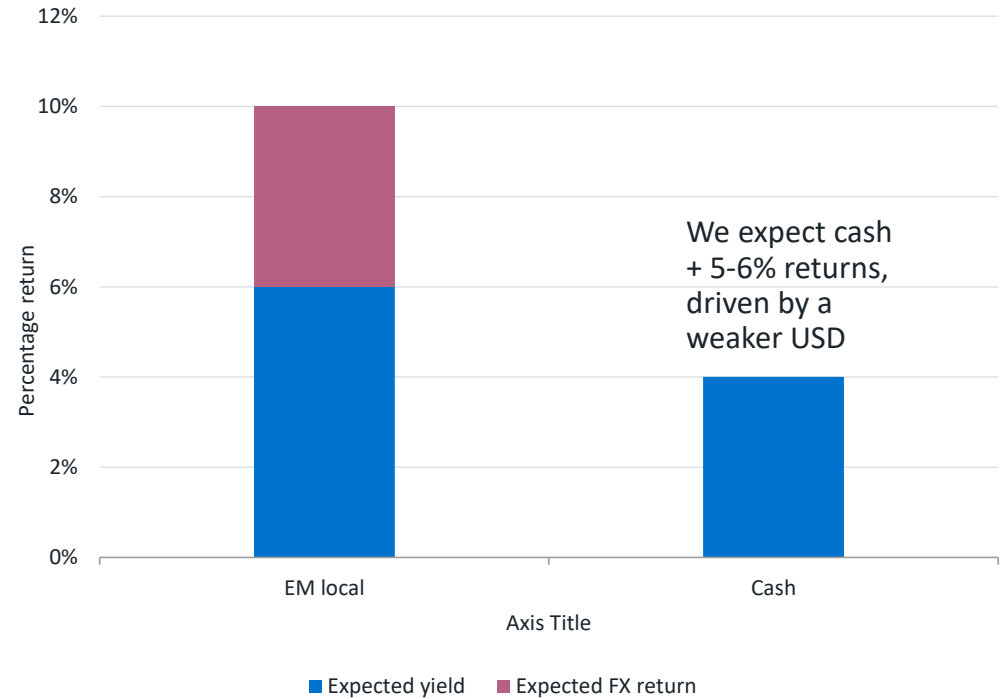
EM Local Government Debt

USD on a weakening trend over the next few years – favour EM, Yen and Euro

EM Local Government Debt – return dominated by currency



Return modelling



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

For illustrative purposes only.

Source: Sarasin & Partners, 01.09.25

Source: Sarasin & Partners, September 2025

Fund spotlight: Redwheel NextGen EM

Equities – Frontier Emerging Markets

Fund Description/Investment Case

The fund offers a differentiated exposure to EM by focusing primarily on smaller and frontier global emerging market stock selection.

Name	IA Global Emerging Markets GTR in GB	MSCI Emerging Markets GTR in GB
IA Global Emerging Markets		0.99
Redwheel Next Generation Emerging Markets Equity R Acc GBP	0.57	0.56

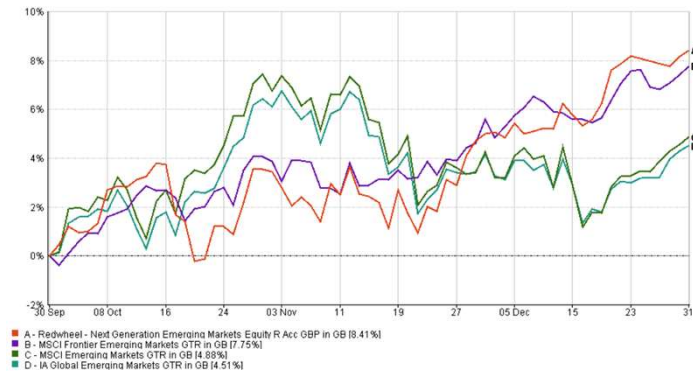
5y peer/principal index correlation
Source: FE Analytics, 31.12.25

Commentary Highlights

- Exposure to “next-generation” emerging markets: The strategy invests in a broader range of emerging economies beyond the largest markets, helping diversify away from standard emerging market funds while targeting countries with earlier-stage growth potential.
- Aligned with macro view of global fragmentation: The portfolio reflects long-term themes such as global economic fragmentation, increased regional manufacturing, improved access to financial services, and demand for key commodities that support global growth and energy transition.
- Style / Factor drivers: exposure to commodities (platinum miners) and ASEAN financials. While the lead manager plays an important role, the strategy is backed by a strong research and analytical team.
- 13/01 geopolitical advisory team meeting: panel of experts including Condoleeza Rice, Gates advise on opportunity in Lat Am nations aligning with current ‘Donroe’ doctrine vision (Argentina/Venezuela)



Strong outperformance of Emerging Markets



Performance – Q4 2025
Source: FE Analytics, 30.09.25 to 31.12.25



Performance – since inception
Source: FE Analytics, 24.04.19 to 31.12.25

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Market outlook



Growth: Advanced economy outlook improves while China lags, robust earnings outlook

GDP Growth Forecasts (Real, quarterly YoY)

	2025	2026
US	1.8	2.0
Last IPC	1.6	1.6
Current consensus	1.7	1.9
China	4.5	4.0
Last IPC	4.0	4.0
Current consensus	4.4	4.6
Euro Area	0.9	1.0
Last IPC	0.9	1.0
Current consensus	1.1	1.4
UK	1.3	1.2
Last IPC	1.3	1.2
Current consensus	1.3	1.2
Japan	0.8	1.5
Last IPC	1.0	1.2
Current consensus	0.6	0.9

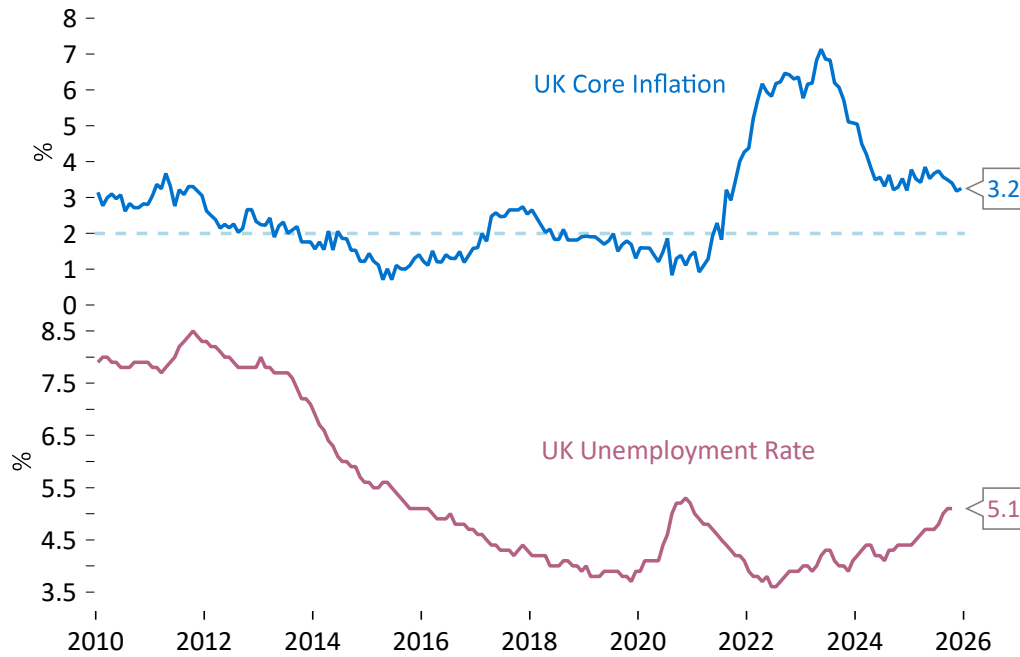
Source: Sarasin & Partners, December 2025

Inflation and rates

Unemployment concerns, but inflation moderates supporting cuts



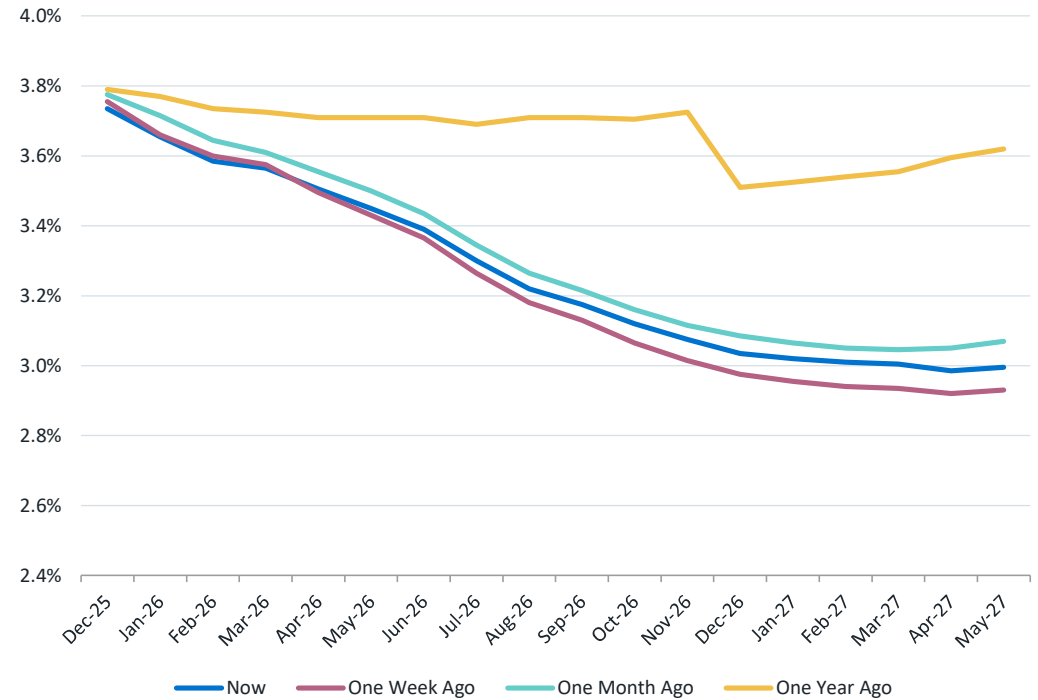
Core inflation starts to slow – unemployment rises



Source: Macrobond, 26.01.26



Fed Funds Futures Curve



Source: FactSet, 14.01.26

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

Regimes in historical context

We are moving to a fragmented economic and political world



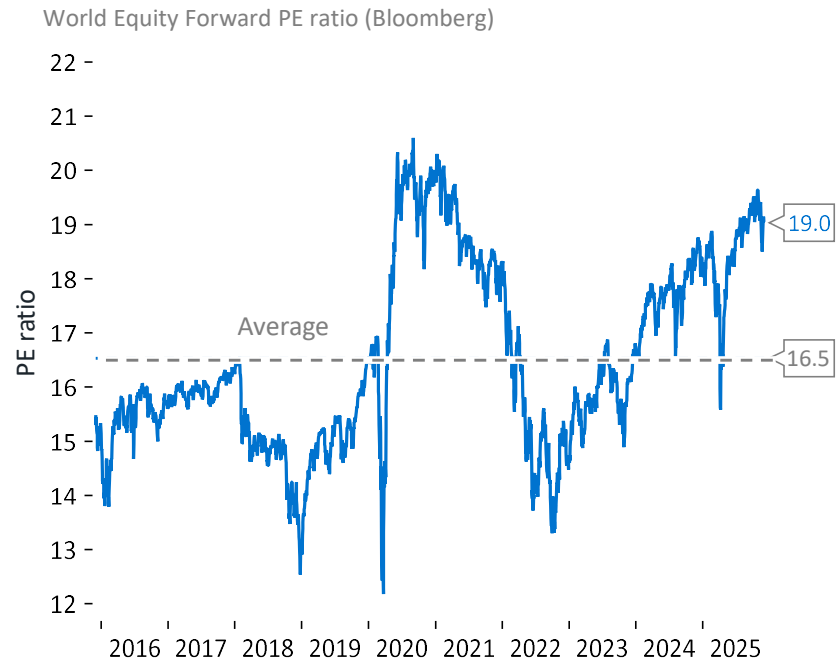
Source: Sarasin & Partners, January 2026

Risks: Equity valuations

US and global equity valuations remain high relative to history



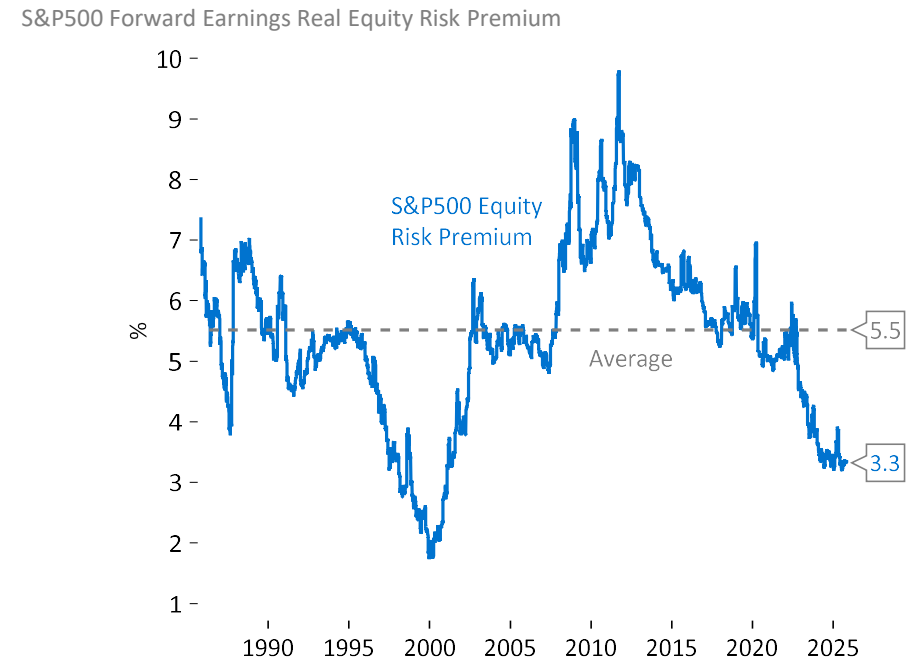
Global equity valuations close to peak levels



Source: Macrobond, 02.12.25



US equity risk premium lower than any period ex 1997-2000



Source: Macrobond, 02.12.25

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

Policy summary

Global strategy – January 2026

Bonds: Underweight	<ul style="list-style-type: none">• UW government bonds: Inflation risks – economies running hot – no will to reduce deficits• UW credit: Spreads remain historically tight – risk/reward balance unfavourable
Equities: Overweight	<ul style="list-style-type: none">• OW equity: Global equity earnings remain robust, with strong buybacks and dividend growth• Valuation: Earnings continue to climb – revisions positive – buybacks near record
Alternatives: Overweight	<ul style="list-style-type: none">• OW alternatives: Favour absolute return funds – private equity – transition metals• OW gold: Ongoing emerging-market central bank buying continues to support demand
Cash: Strongly Underweight	<ul style="list-style-type: none">• US dollar to depreciate over the long term• Euro and emerging world currencies continue to rally• Japanese yen and sterling neutral
Risks	<ol style="list-style-type: none">1. Liquidity/credit squeeze – equity valuations shrink – wealth effect triggers recession2. Stagflation – sticky core inflation – yield curves steepen – bond vigilantes return3. Security – extreme climate events increase – geopolitics impacts markets – defences spending climbs globally

Source: Sarasin & Partners, January 2026

Five investment opportunities in a fragmenting world

Implications and opportunities for investors in 2026

Implication	Opportunity
1 The world order is becoming more competitive, rivalrous – tariffs and sanctions undermine trust in the dollar	<i>National champions, resource security (metals, foods, semiconductors, energy) – long term dollar weakness</i>
2 The US is less willing to underwrite global security, prompting rising defence and cyber spending	<i>European & global military spend – cyber security, missile defence, space/satellite, drone protection, ammunition</i>
3 Spending on ageing, climate and defence drives rising debt, deficit and interest burdens	<i>Higher bond yields, banks (that benefit from rising long-rates), gold, potentially crypto</i>
4 Less efficient supply chains, climate mitigation and power demand mean higher and more volatile inflation	<i>Real assets (equities, commodities) – power generation and transmission, transition metals, AI infrastructure</i>
5 As AI diffusion gathers pace productivity climbs, supporting nominal growth and profits	<i>AI led productivity surge across services – AI led innovation in robotics, self-drive/robo taxi, customised drugs, even nuclear fusion</i>

Source: Sarasin & Partners, January 2026

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Sarasin Global Strategy

Loose Money, Hard Power

Guy Monson, Chief Market Strategist and Senior Partner

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Market backdrop



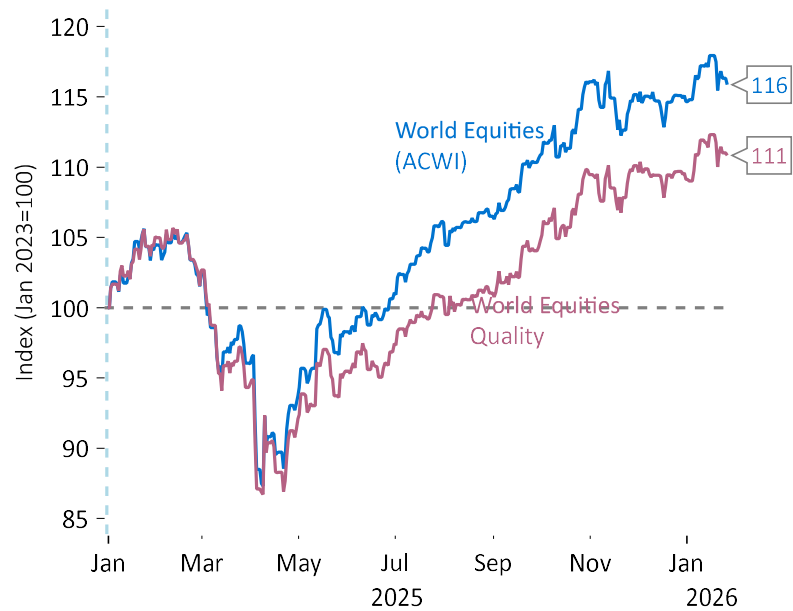
Global equity sell-off and recovery in 2025

Quality* style lagged in the post-Liberation Day rally



Equity rally since Liberation Day

MSCI World Indices GBP, rebased at 100

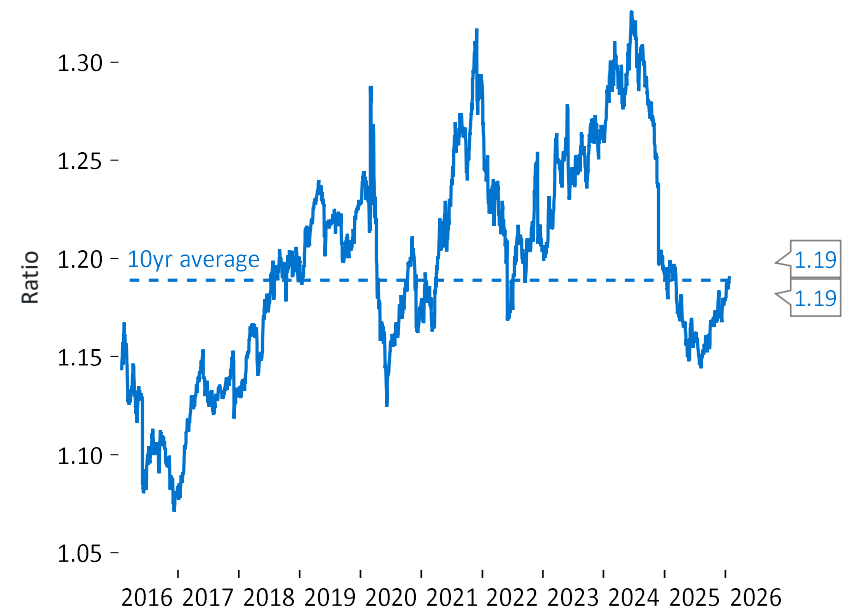


Source: Macrobond, 27.01.26



Quality equity valuations now at 10 year norm

MSCI Quality v ACWI relative PE Ratio



Source: Macrobond, 27.01.26

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

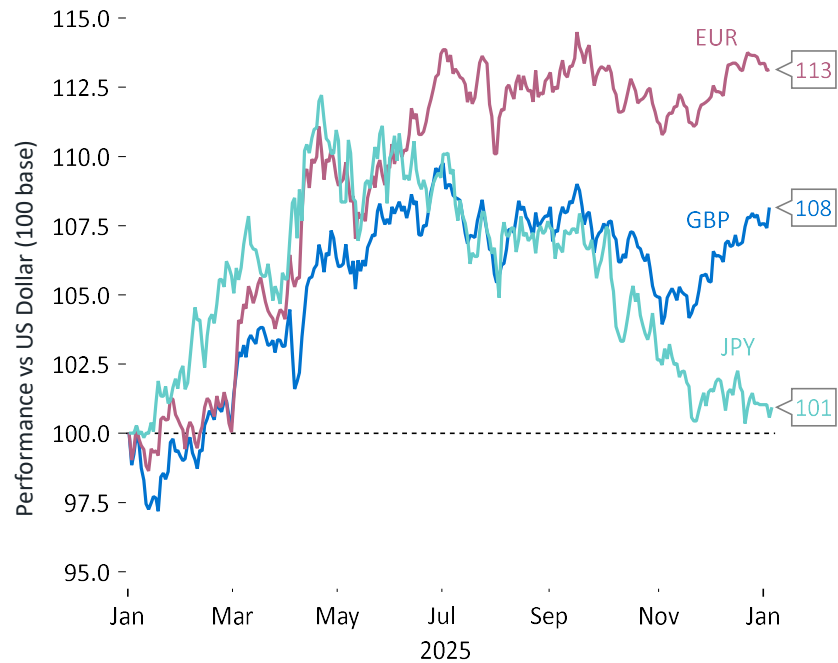
*MSCI quality definition: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage.

Currencies and interest rates

Major currencies gained against the Dollar in H1 2025 – US/UK rates to fall in 2026



Currency moves 2025 to date (vs USD)

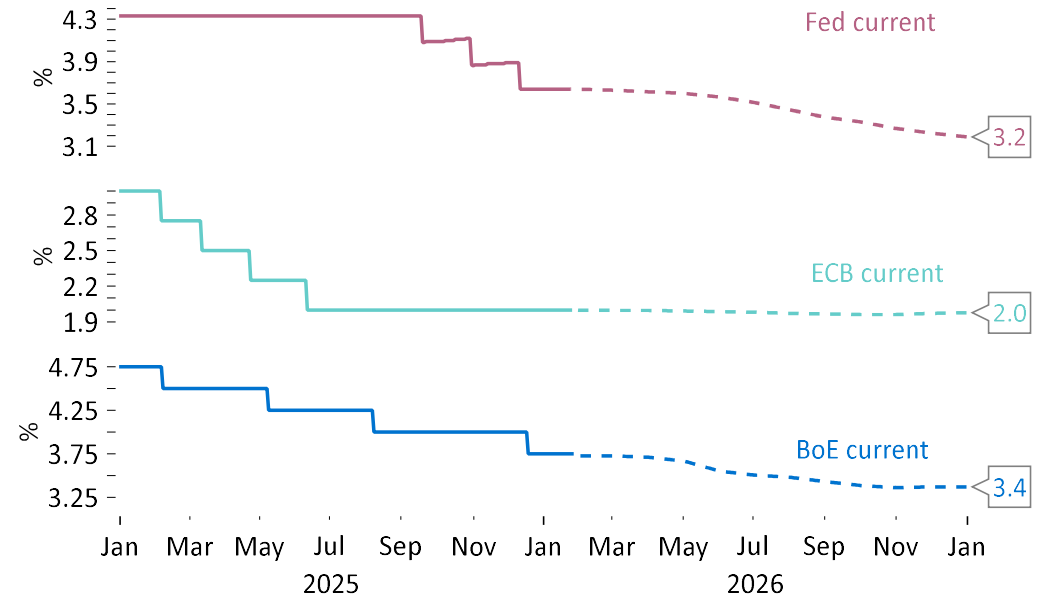


Source: Macrobond, 06.01.26



Sarasin forecast two US rate cuts in 2026 and one in the UK

Central Bank market implied policy rates



Source: Macrobond, 27.01.26

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

Rates today: Fed funds: 3.5-3.75%; ECB deposit rate: 2.0%; UK base rate 3.75% FOMC long run rate 3%

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Geopolitics and superpower rivalry



A competitive, rivalrous and fragmented world

Great power competition and security of supply

“We are in the midst of a rupture, not a transition.

Great powers have begun using economic integration as weapons, tariffs as leverage, financial infrastructure as coercion, supply chains as vulnerabilities to be exploited.

And as a result, many countries are drawing the same conclusions that they must develop greater strategic autonomy, in energy, food, critical minerals, in finance and supply chains.”

Mark Carney
Prime Minister of Canada
Davos, January 2026



Global Fragmentation

From deficient demand to security of supply

*The world is moving away from an open cooperative arrangement to a **competitive, rivalrous** one, marked by **Great Power Competition**. The US will continue to leverage its vast consumer market, technology and defence expertise to extract concessions from its trading partners.*

Key implications

- 1 Spending on **aging, climate** and **defence** will increase **debt and deficits to more unsustainable levels**.
- 2 **Less efficient** global supply chains will lead to **higher** and more **volatile inflation**.
- 3 Higher **fiscal** and **inflation risks** will push up **term premia** and keep **bond yields elevated**.
- 4 **AI diffusion** is likely to accelerate, pushing up **productivity** and leading to **strong nominal growth** and **robust profits**.
- 5 Higher **fiscal** and **geopolitical risks** rise increase the demand for **gold and metals as a store of value**.

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Global economy and earnings

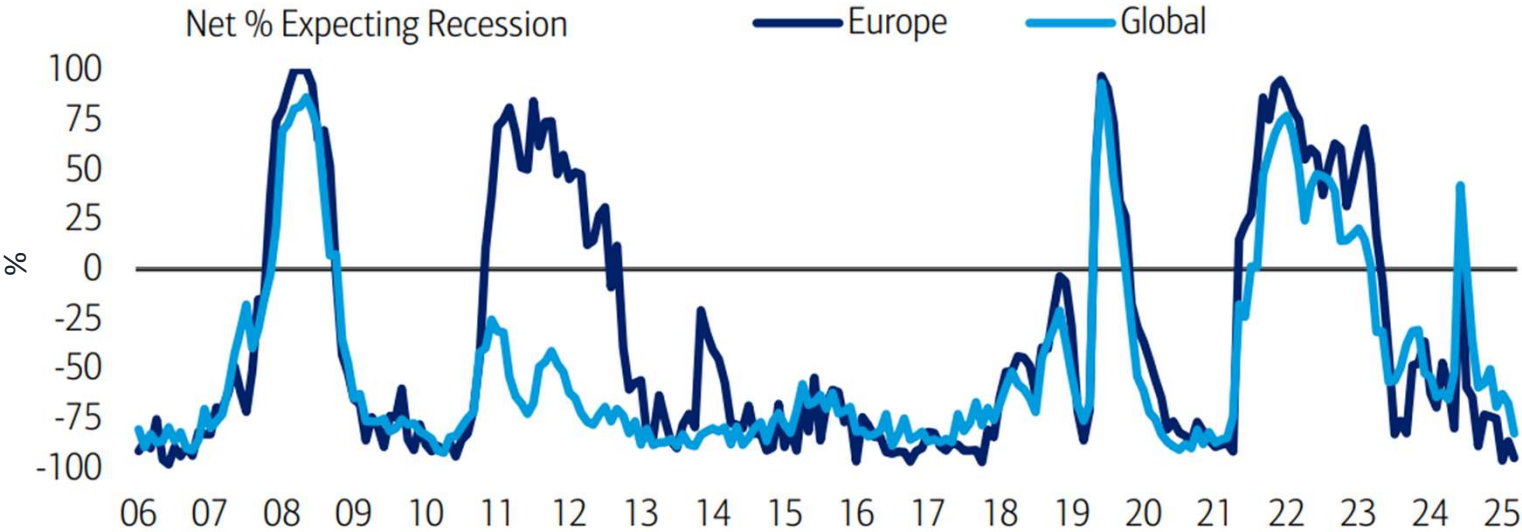


Economic optimism high

European and US growth surveys see little likelihood of recession

 BofA Survey suggests 95% of European investors see no recession in Europe over next 12m

How likely do you think it is that the economy in this region will see a recession over the next 12 months?



Source: Bank of America European and Global Fund Manager Survey, January 2026

2026 Global Macro backdrop

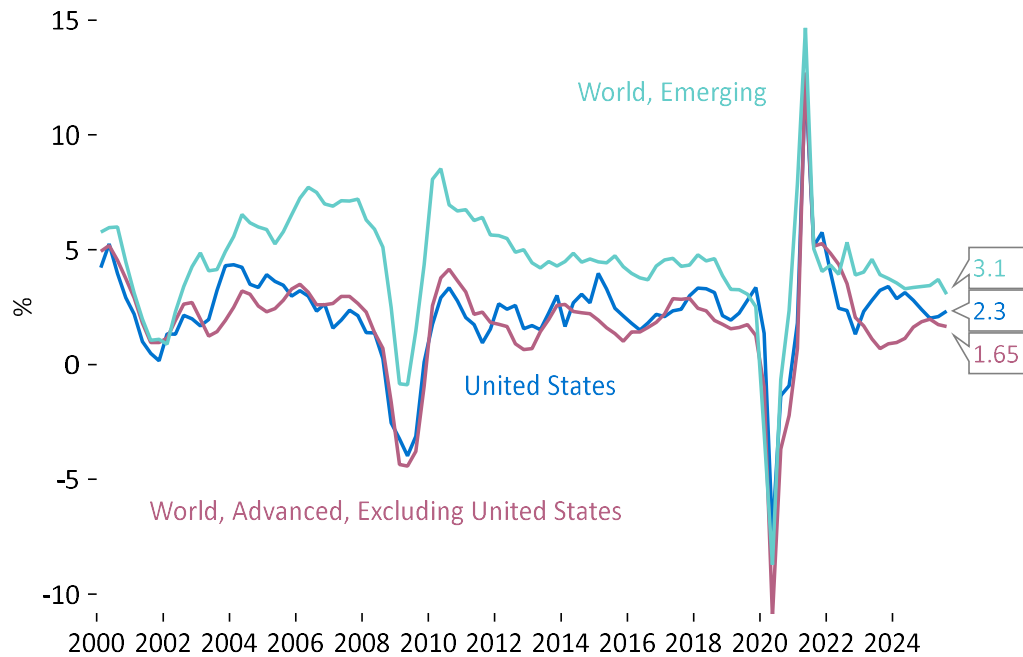
Why are investors so positive?

View	Rationale	Implication
Strong nominal GDP environment	Real growth driven by positive fiscal impulse. Inflation easing but remains above target	<i>Good backdrop for risk assets (global and EM equities)</i>
Geopolitics – messy but unlikely to disrupt equity market <i>for now</i>	Markets ‘getting used’ to Trump White House – USD payments system still weaponised	<i>Overweight gold and transition metals – underweight USD</i>
AI remains in the driving seat	Important contributions to GDP growth and market returns	<i>AI opportunities are widening across sectors and regions</i>

Global growth and inflation benign

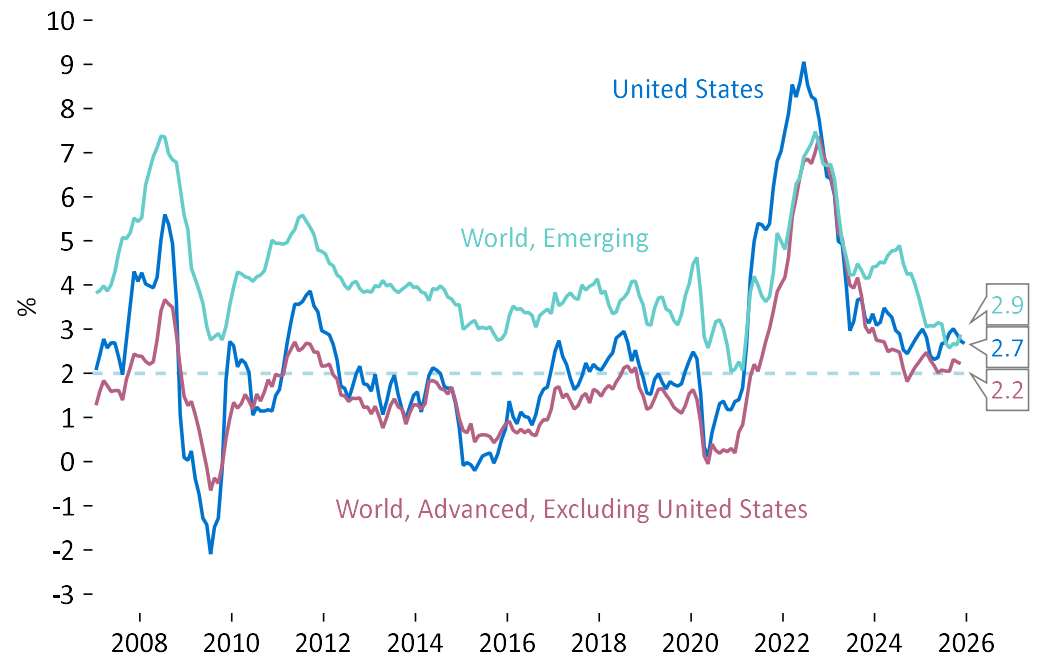
US growth slows (tariff impact and immigration) – inflation inches closer to target

 Real GDP Growth



Source: Macrobond, 27.01.26

 Headline Inflation



Source: Macrobond, 27.01.26

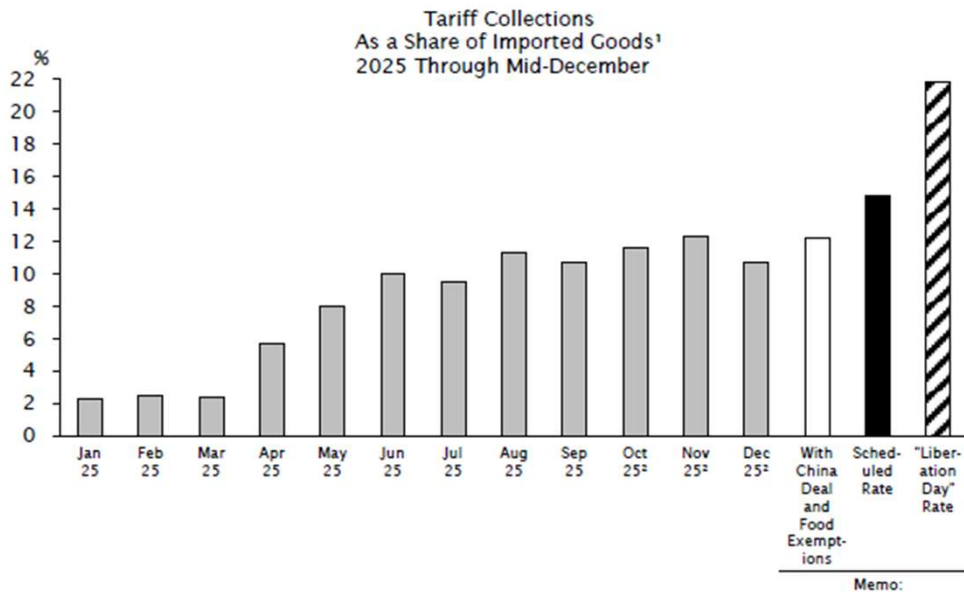
Past performance is not a reliable indicator of future results and may not be repeated.

1. US: Tariff exemptions are growing

Tariff revenues lower than originally planned – US consumer sentiment stays weak



Tariff collections rates falling from Liberation Day highs

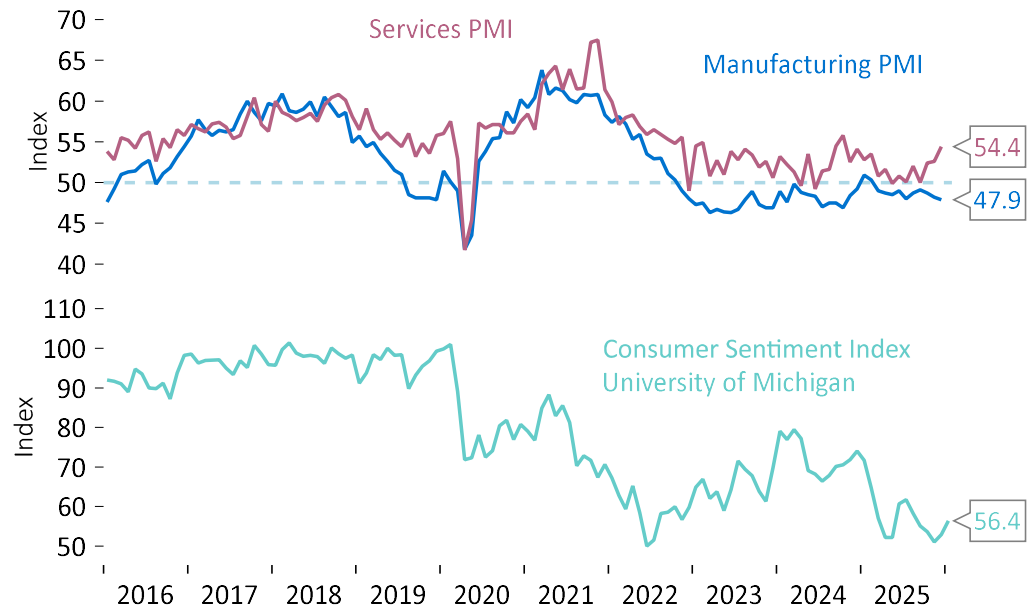


Source: U.S. Treasury, Census Bureau, Bloomberg L.P., Empirical Research Partners Analysis.
¹Monthly Federal custom duties receipts through November 2025, goods imports on a nonseasonally-adjusted Census basis through September 2025.
²Goods import estimates based on bill-of-lading imports and the daily U.S. Treasury statements.



US business manage tariffs – consumer sentiment still weak

United States, Business Surveys, ISM, Report on Business, SA, Index



Source: Macrobond, 27.01.26

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

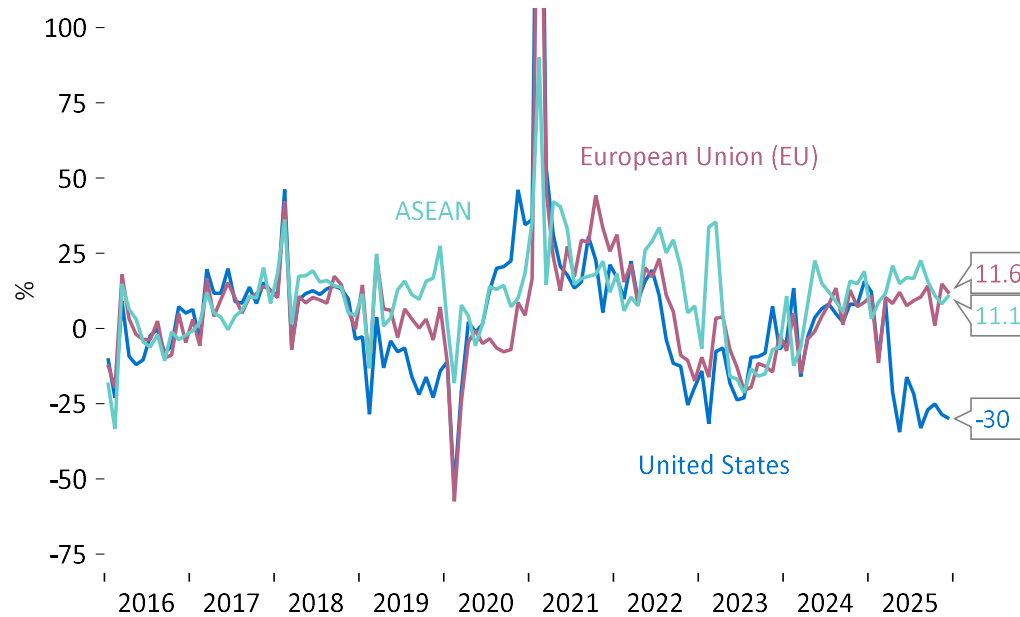
2. China: exports have held up despite the trade war

China exports to Europe risk tariffs or other trade barriers



Exports diverted from the US – Europe/Asia swamped

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

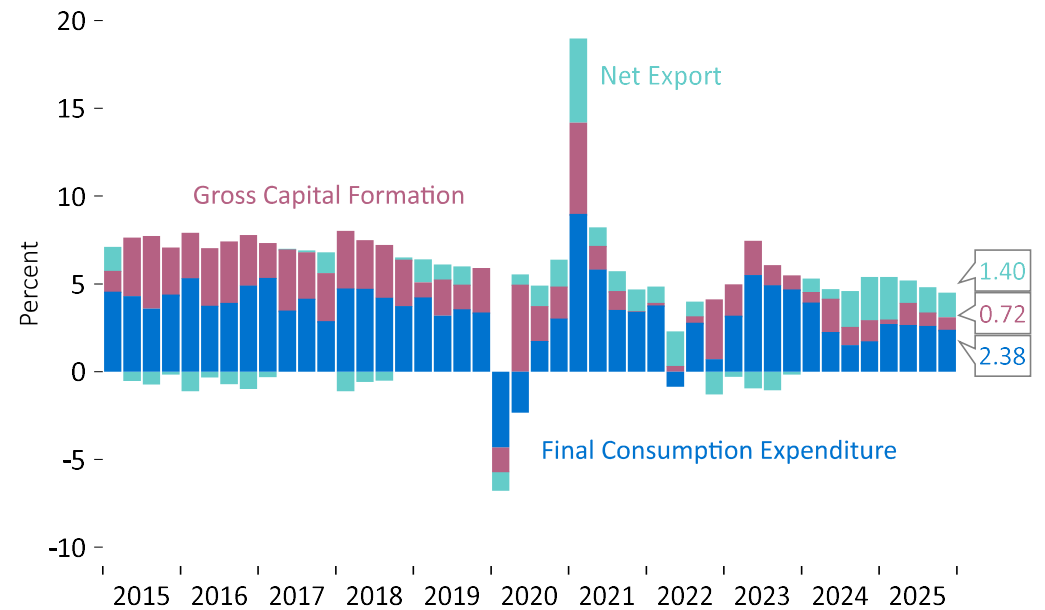


Source: Macrobond, 27.01.26



Consumer spending weak – government stimulus likely

China Contribution to GDP - change Y/Y



Source: Macrobond, 27.01.26

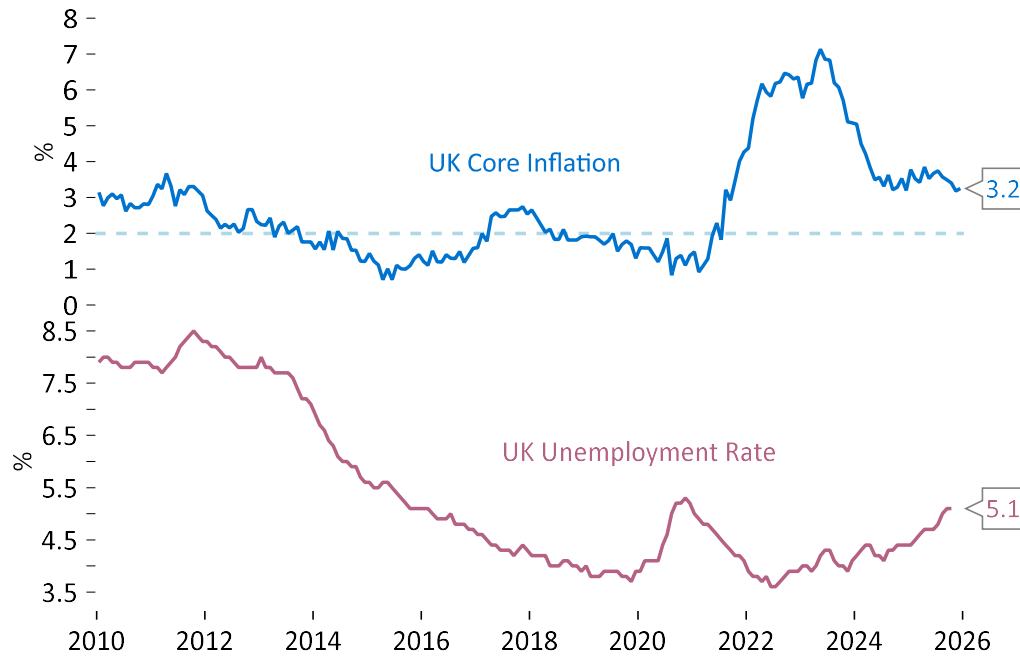
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3. UK: inflation, unemployment and confidence

Unemployment rises – inflation moderates falls supporting BoE cut – confidence measures stable



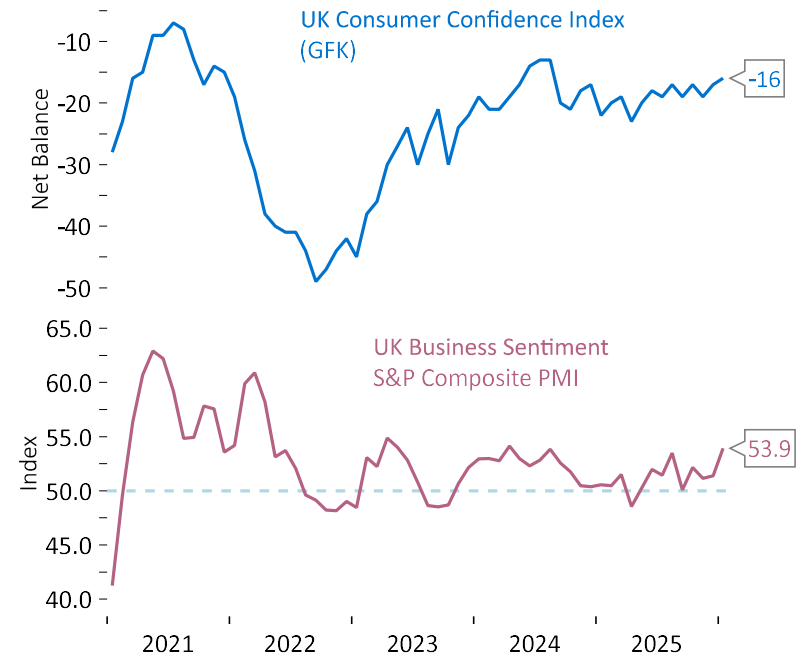
Core inflation starts to slow – unemployment rises



Source: Macrobond, 27.01.26



Sentiment stable – Budget uncertainty over



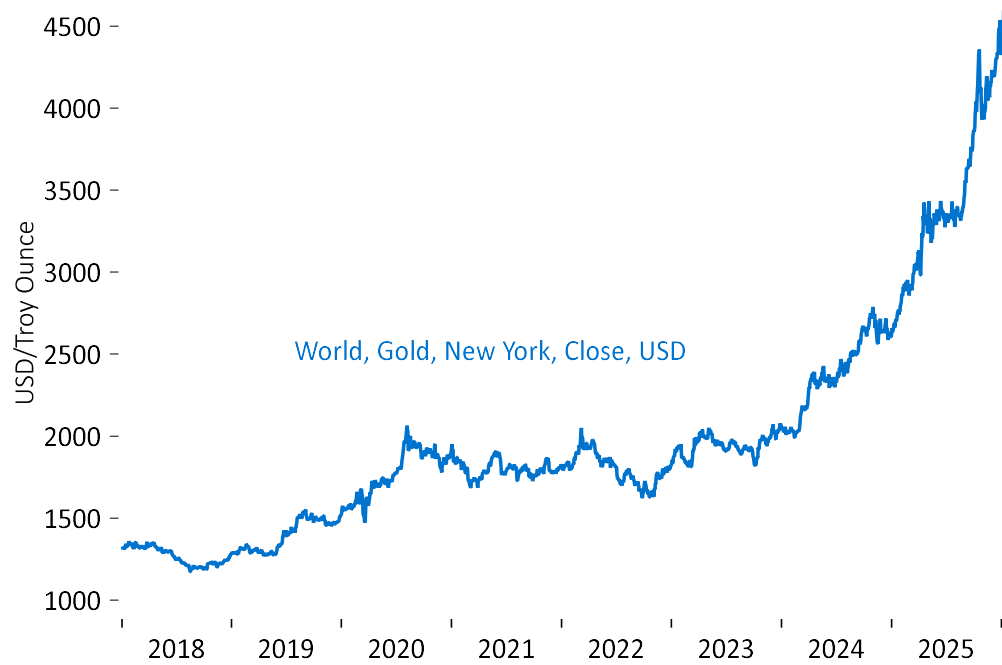
Source: Macrobond, 27.01.26

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

4. Gold overweight continues

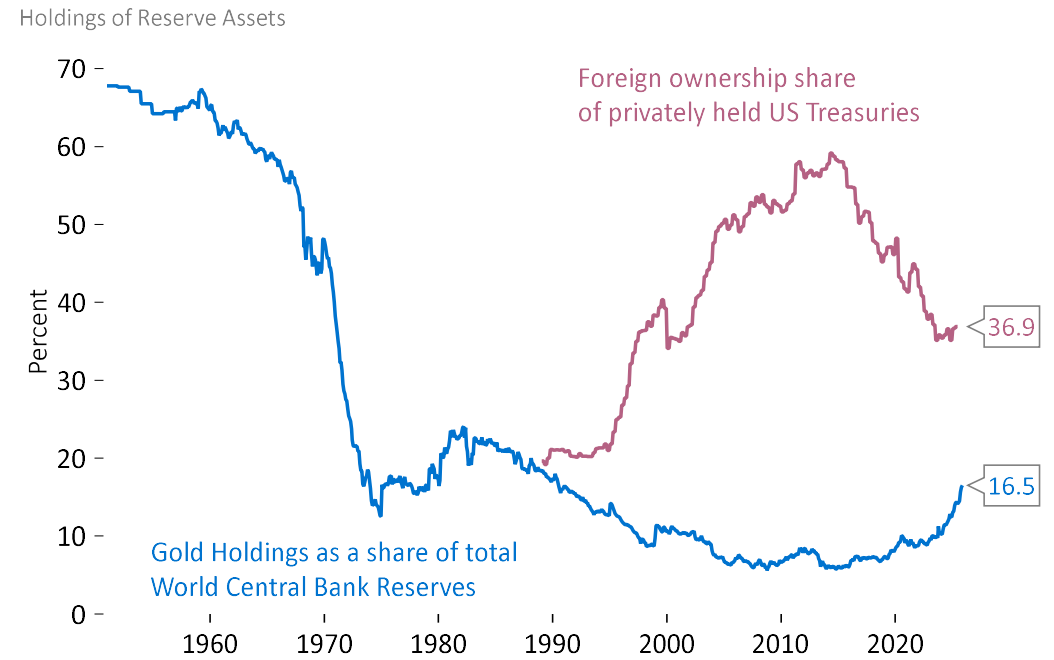
Long term demand supported by central bank diversification away from US Treasuries

Gold price



Source: Macrobond, 27.01.26

Reserve managers showing a preference for gold



Source: Macrobond, 27.01.26

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Equity market strategy

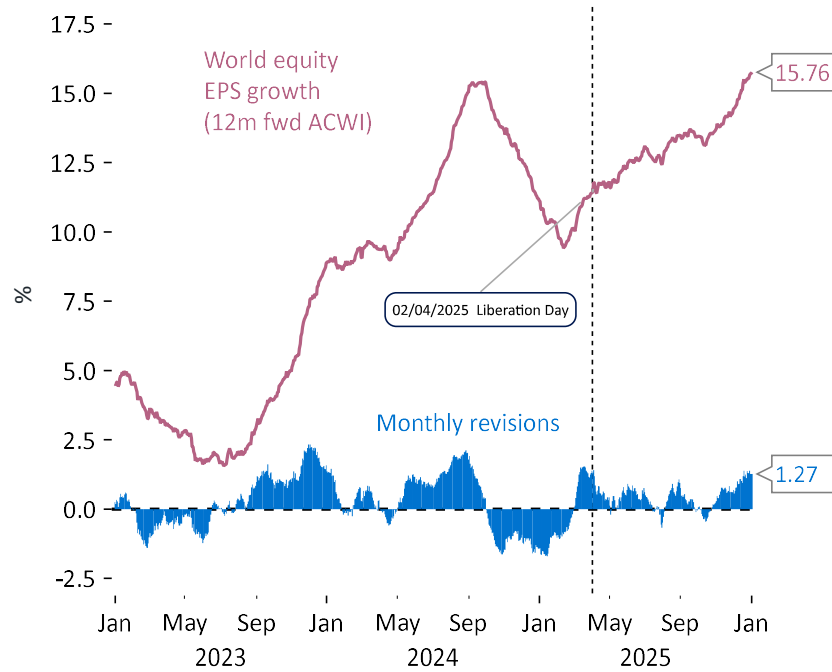


Global earnings and dividend growth

Robust forecasts for 2026 global earnings

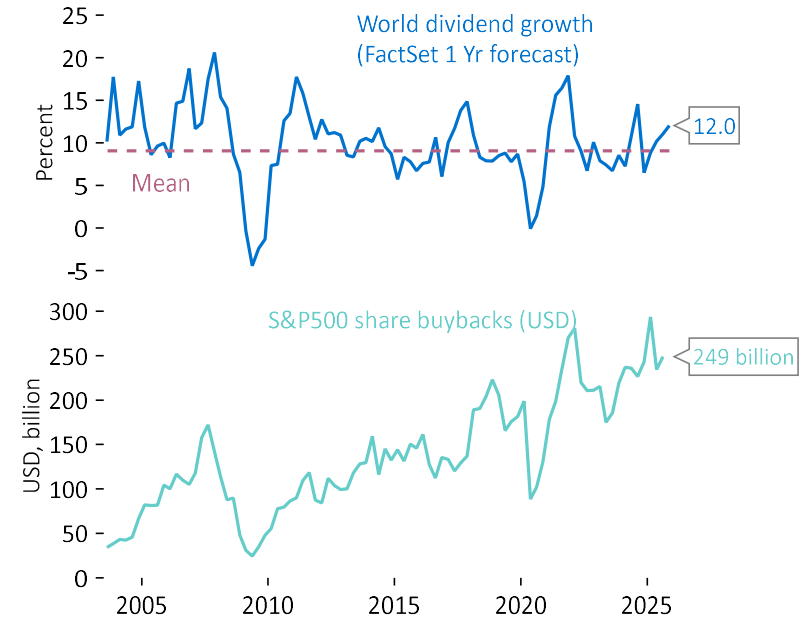


Global earnings strong – revisions positive



Global dividends strong – US buy-backs near record

Global dividend growth and US stock buybacks



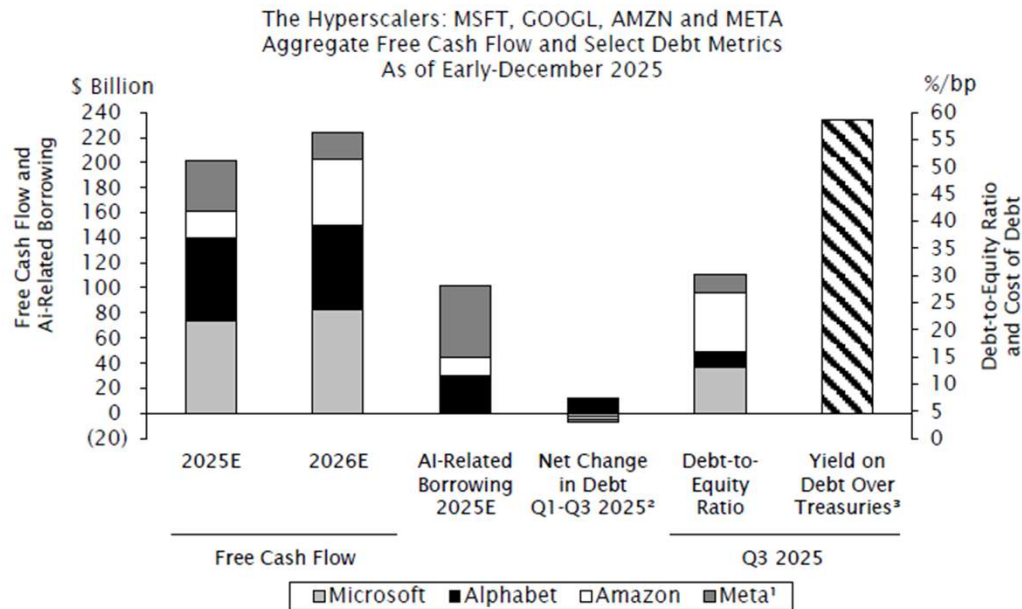
Past performance is not a reliable indicator of future results and may not be repeated.

AI: Debt funding rises but overall leverage still low

AI debt funding not problematic while earnings and cashflow remain robust



Borrowing rising but debt-to-equity remains low



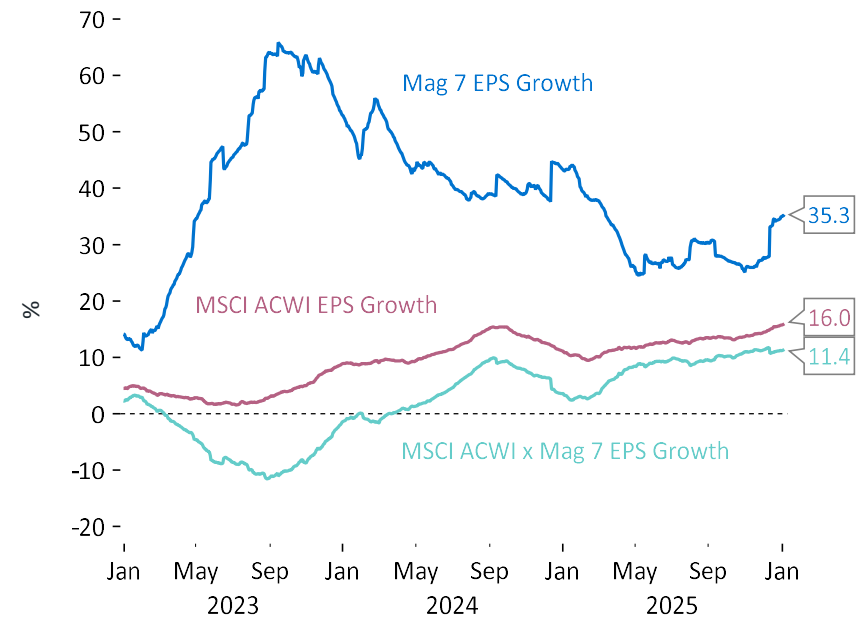
Source: Company Reports, Empirical Research Partners Analysis.
¹Meta's debt includes \$27 billion raised in joint venture with Blue Owl for a Louisiana data center.
²Debt issued less debt retired.
³Average of the four stocks.

Source: Empirical Research, December 2025



MAG 7 still leads forecasted global earnings growth

Bloomberg forecast earnings growth



Source: Macrobond, 27.01.26

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Risks

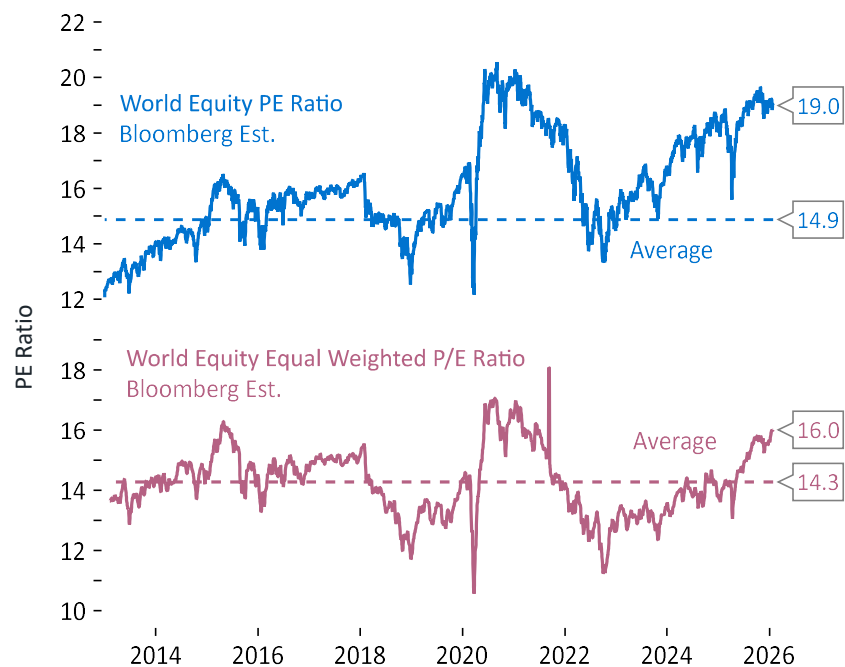


Risk 1: Equity valuations

Valuations are high but earnings are robust and financial conditions will ease



World equity forward Price Earnings are stretched



Source: Macrobond, 27.01.26



Summary of outlook

We see that:

- Valuations are high by most measures
- Earnings growth revisions are positive

We expect:

- Positive economic growth
- Positive inflation
- Accommodative financial conditions

If these conditions are met, equities can provide positive returns versus cash over the next 12 months

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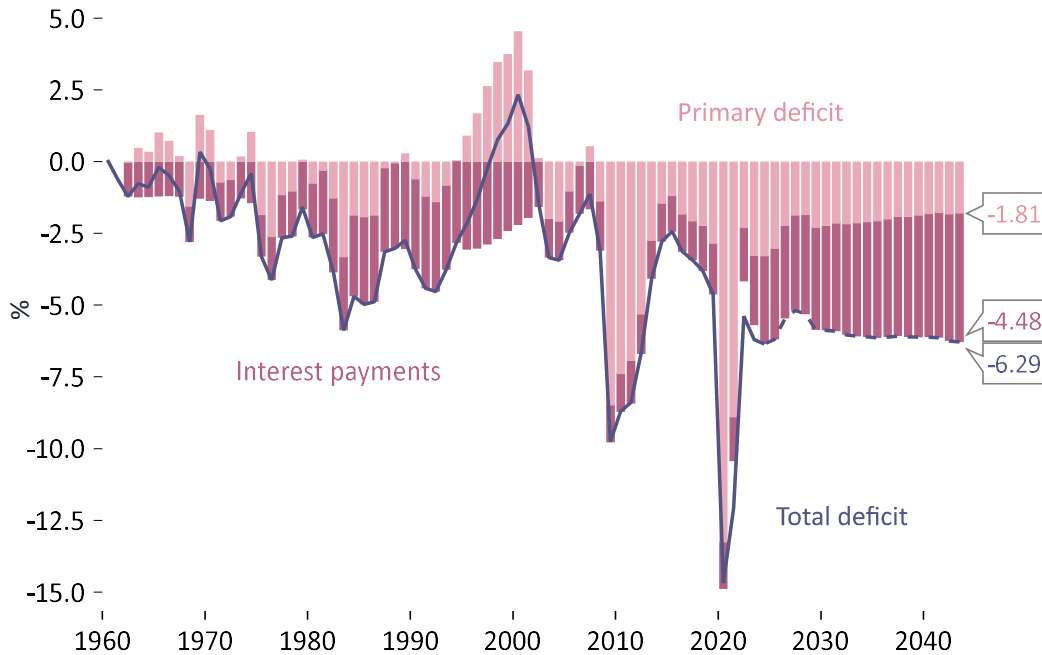
Source: Sarasin & Partners, January 2026

Risks 2 and 3: Debt and Geopolitics

No indication of any advanced nation wanting to confront debt – Geopolitics start to matter



US deficit trajectory unsustainable – Fed independence at risk

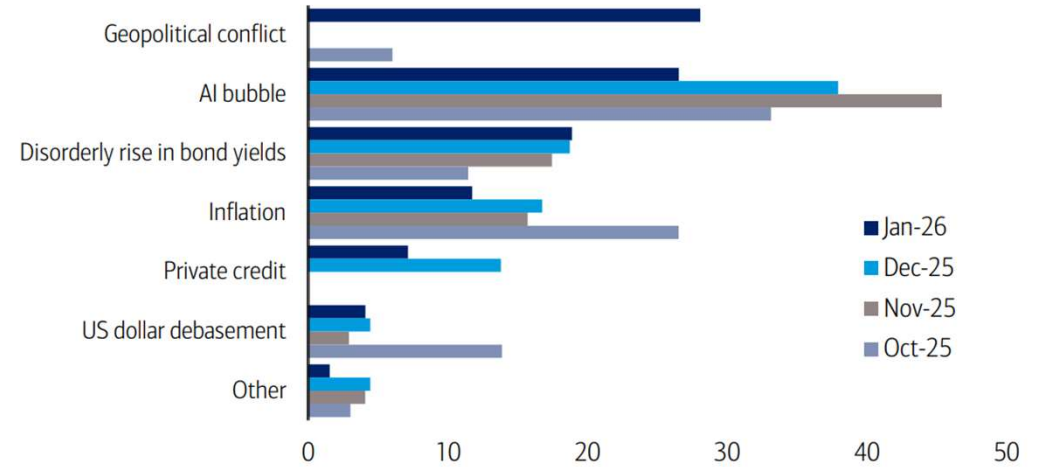


Source: Macrobond, 27.01.26



Benign response of investors to geopolitics may be changing

What do you consider the biggest 'tail risk'?



Source: Bank of America Fund Manager Survey, January 2026

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

Policy summary

Global strategy – January 2026

Bonds: Underweight	<ul style="list-style-type: none">• UW government bonds: Inflation risks – economies running hot – no will to reduce deficits• UW credit: Spreads remain historically tight – risk/reward balance unfavourable
Equities: Overweight	<ul style="list-style-type: none">• OW equity: Global equity earnings remain robust, with strong buybacks and dividend growth• Valuation: Earnings continue to climb – revisions positive – buybacks near record
Alternatives: Overweight	<ul style="list-style-type: none">• OW alternatives: Favour absolute return funds – private equity – transition metals• OW gold: Ongoing emerging-market central bank buying continues to support demand
Cash: Strongly Underweight	<ul style="list-style-type: none">• US dollar to depreciate over the long term• Euro and emerging world currencies continue to rally• Japanese yen and sterling neutral
Risks	<ol style="list-style-type: none">1. Liquidity/credit squeeze – equity valuations shrink – wealth effect triggers recession2. Stagflation – sticky core inflation – yield curves steepen – bond vigilantes return3. Security – extreme climate events increase – geopolitics impacts markets – defences spending climbs globally

Source: Sarasin & Partners, January 2026

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