SARASIN

Six Minute Strategy

Geopolitics – can it change the direction of world markets?

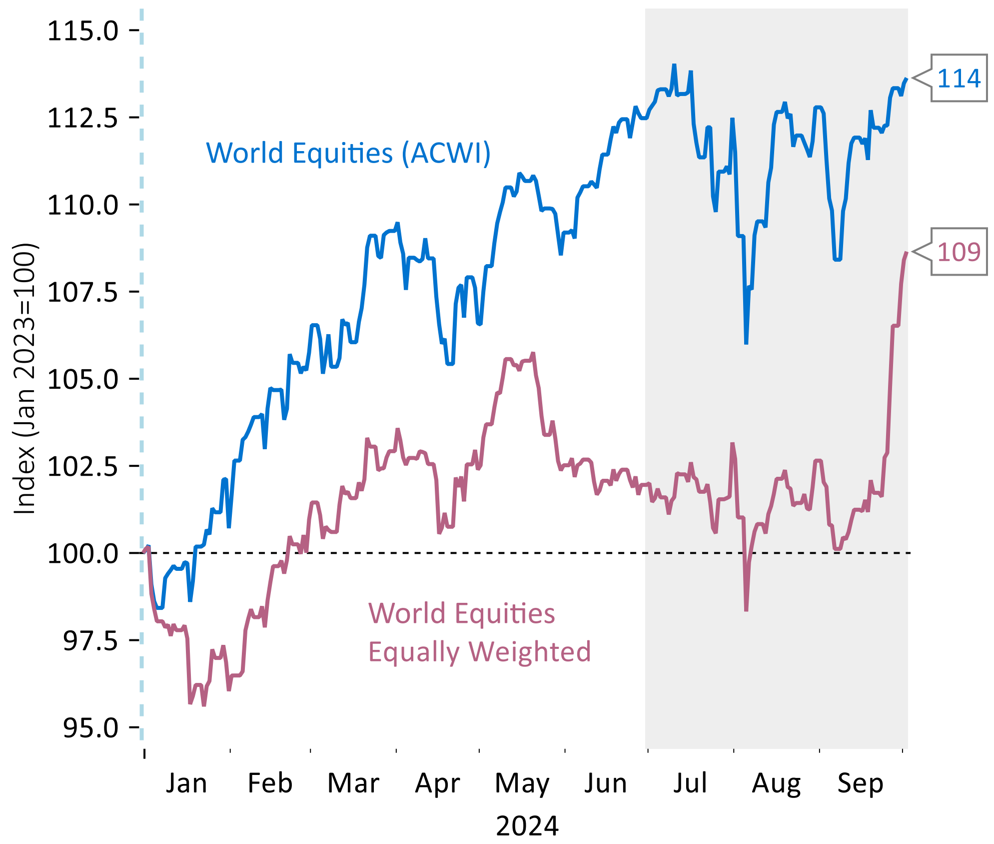
October 2024

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

Global equity returns 2024

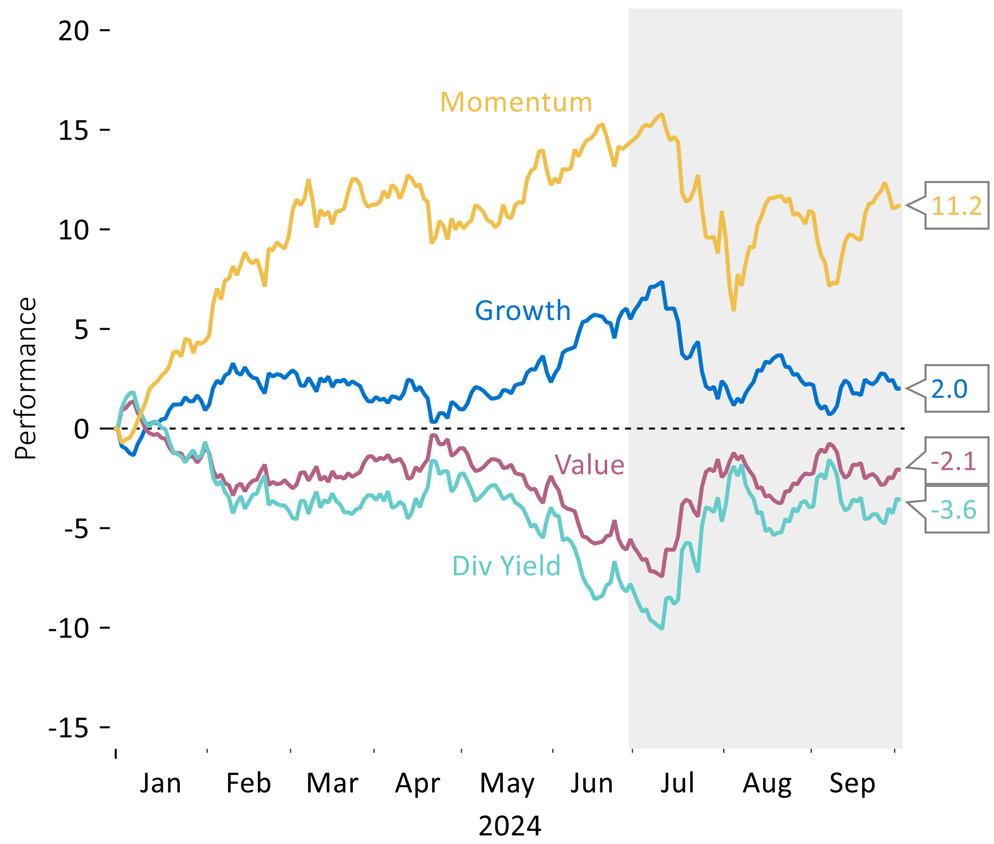
Equity rotation begins in Q3 as investors question the durability of the AI led rally

2024 equity returns (£ based)



Source: Macrobond, 03.10.24

2024 MSCI world equity index returns by style

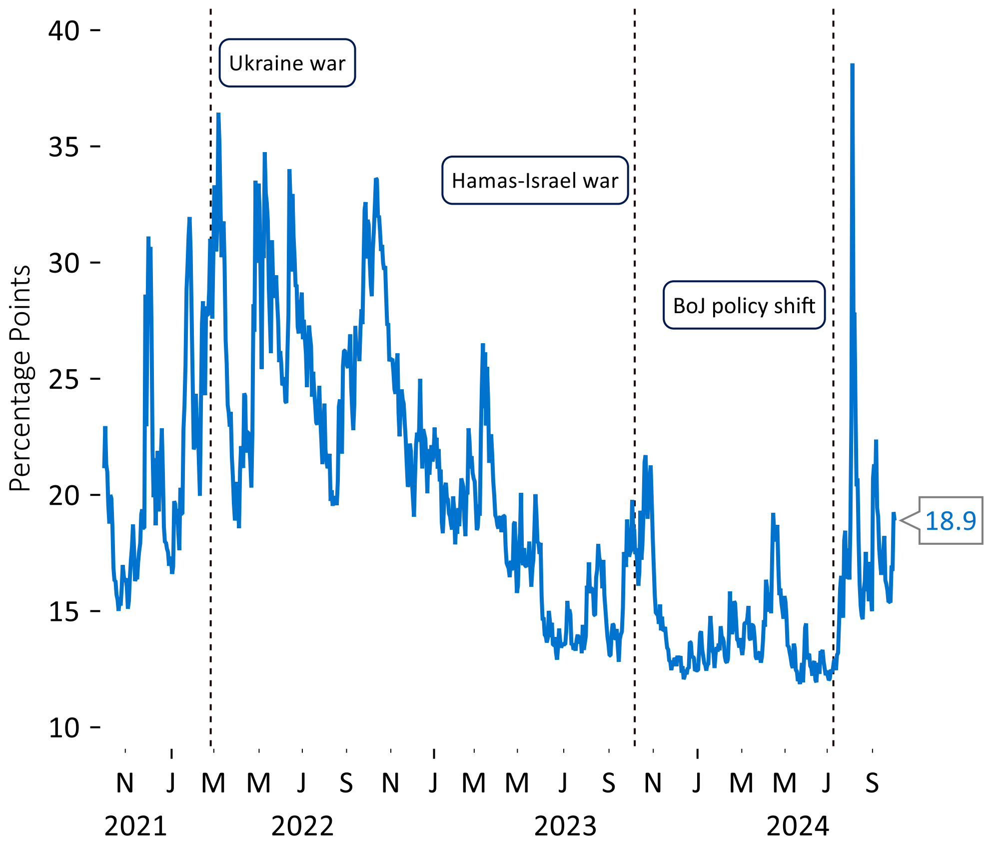


Source: Macrobond, 03.10.24

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

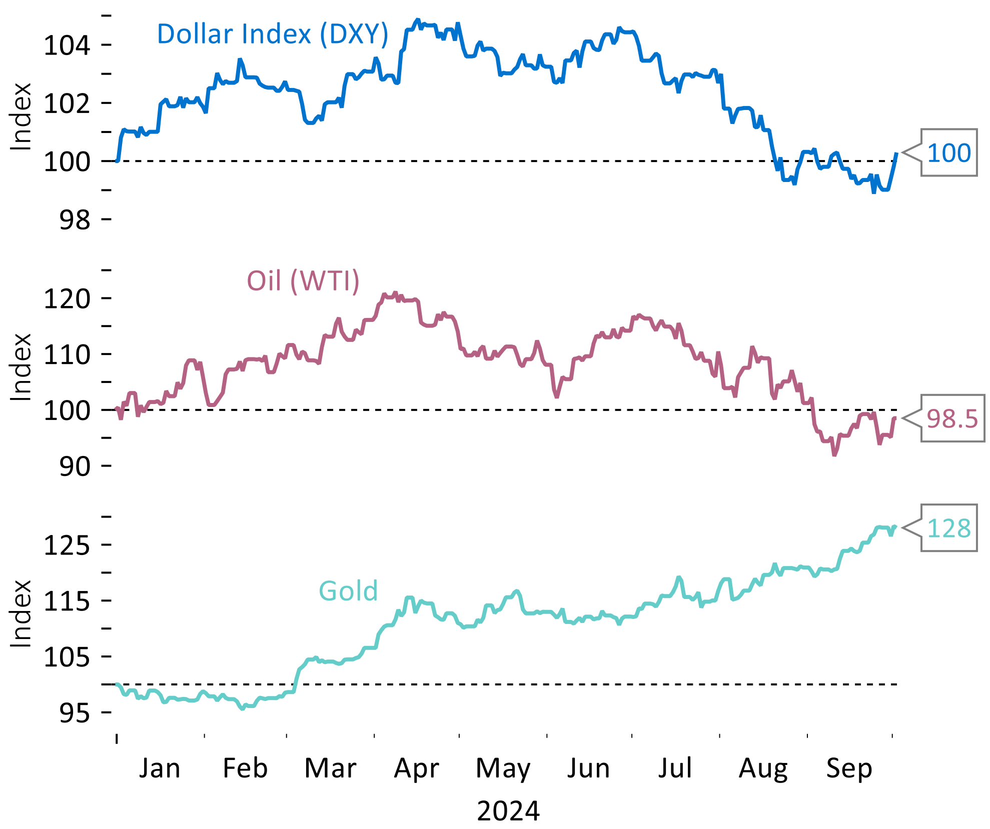
1. Equity volatility subsiding as other asset prices level off

S&P 500 Equity Volatility Index (VIX)



Source: Macrobond, 03.10.24

Asset class performance 2024 to date



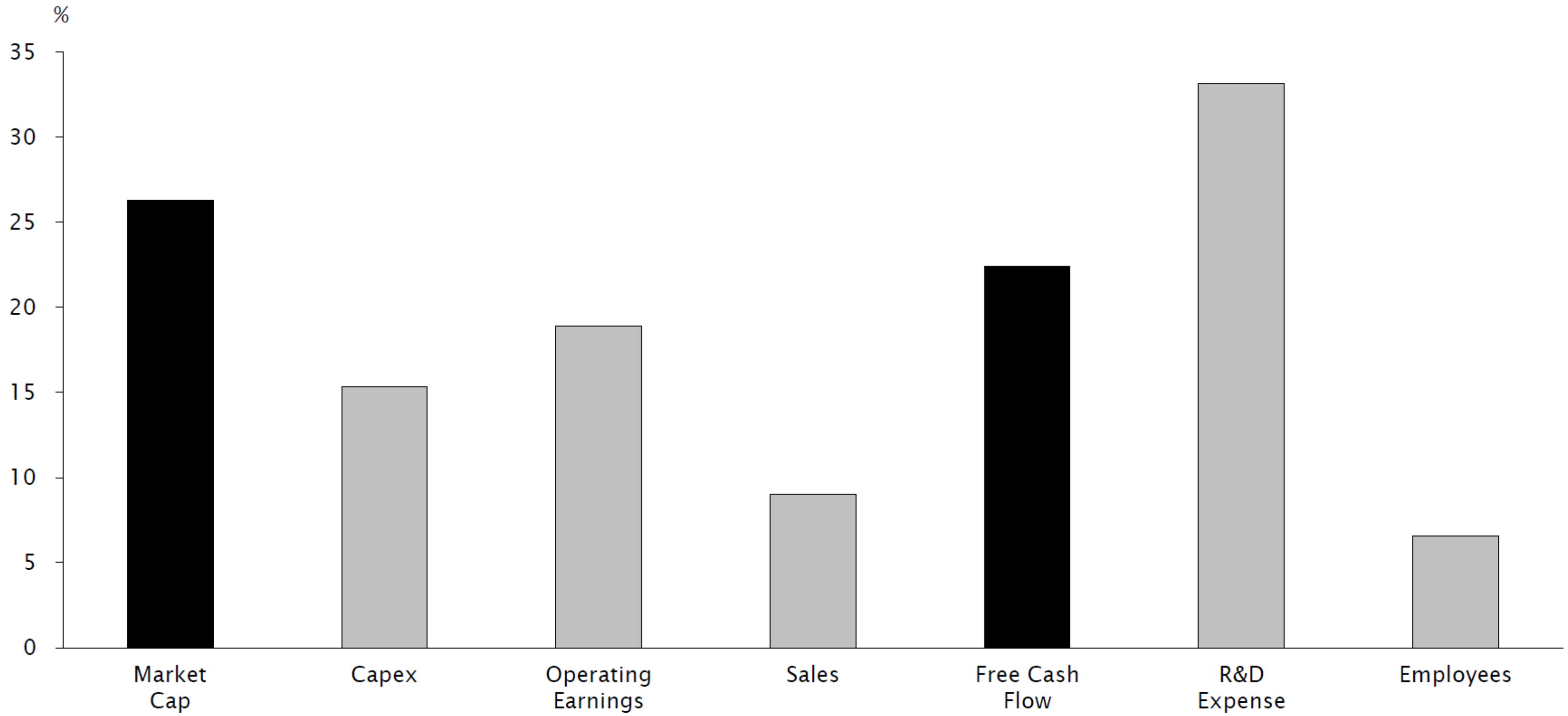
Source: Macrobond, 03.10.24

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

2. Fundamentals for Magnificent Seven are still robust

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

Alphabet

Amazon

Apple

Meta

Microsoft

Nvidia

Tesla

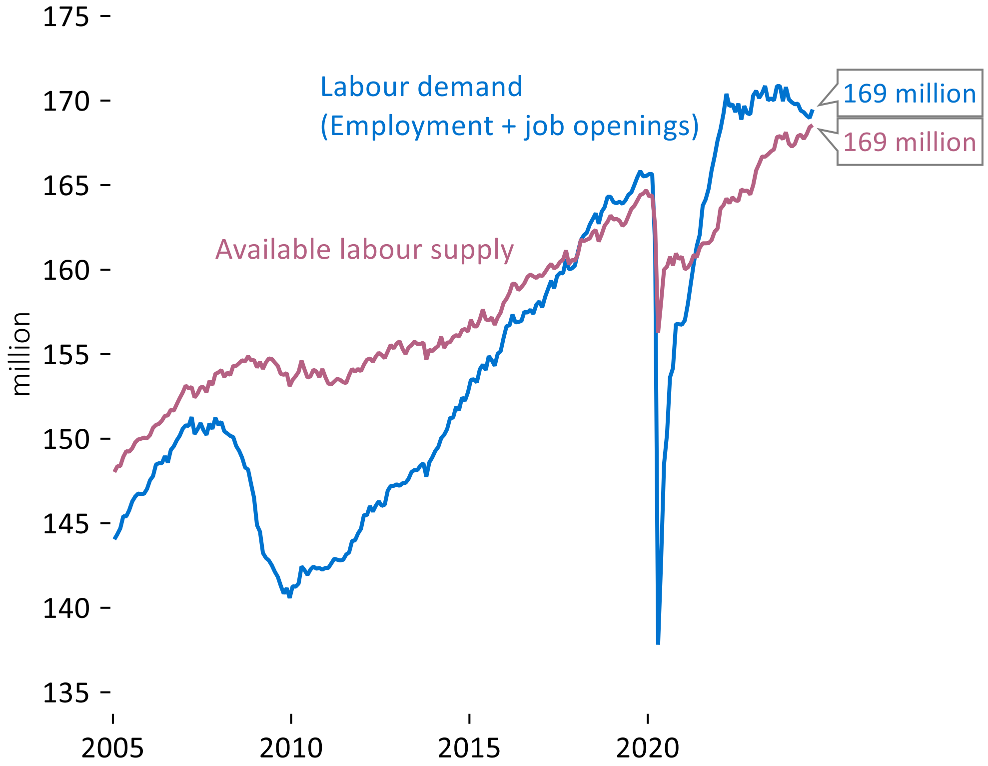
Source: Empirical Research Partner Analysis, as of August 2024

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

3. Balanced US economy allows Fed cuts

US labour supply-demand back in balance

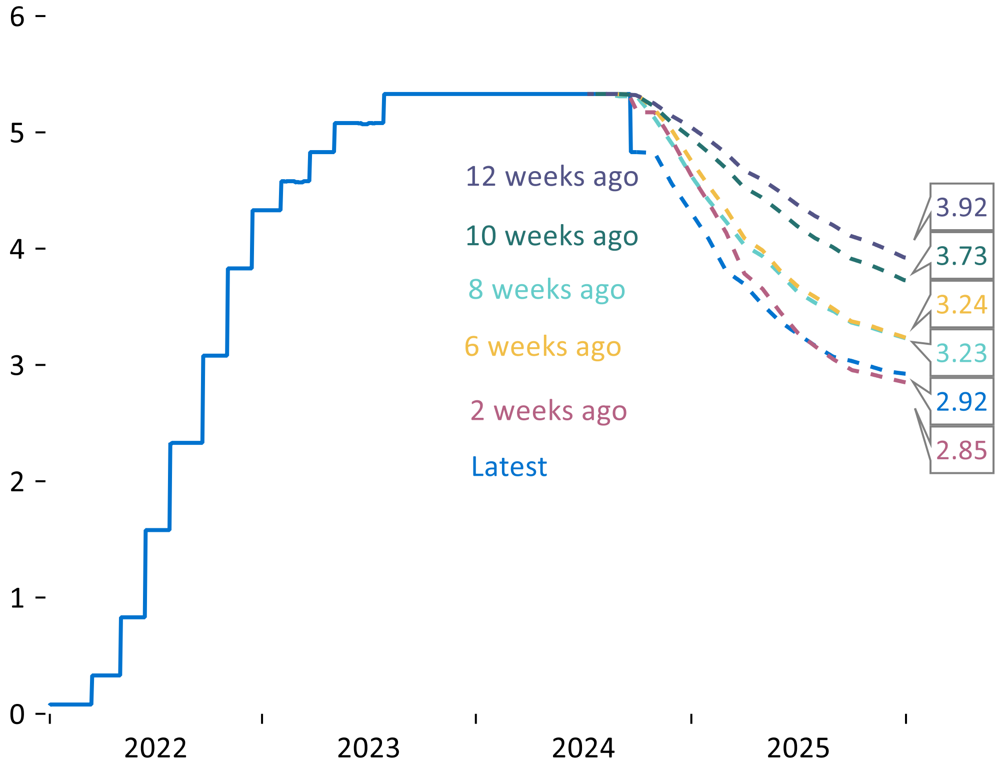
US Labour Supply and Demand



Source: Macrobond, 03.10.24

Interest rate outlooks becomes steadily more dovish

Fed Funds Futures at different times

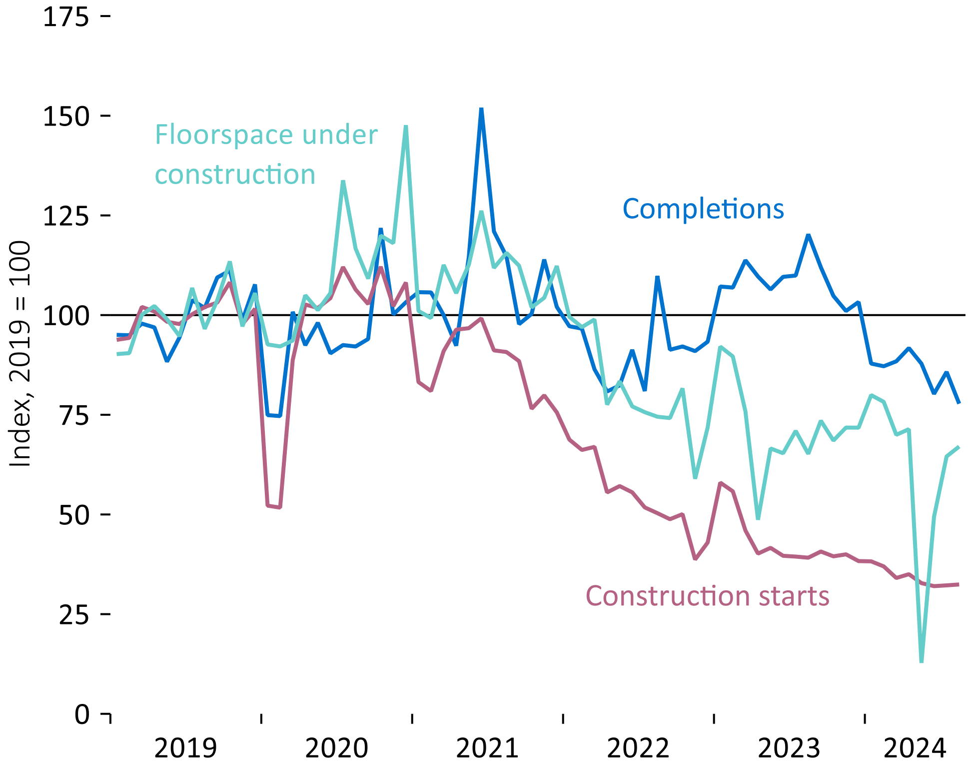


Source: Macrobond, 03.10.24

4. China: Deflationary property risk triggers government response

Chinese real estate still contracting

Monthly construction indicators



Source: Macrobond, 03.10.24

Government stimulus announcements Sept 2024

Measure	Details	Expected impact
Central bank rates	Cut Reserve Requirement Ratio & lending rates	Modest positive – more required
Bank recap	Inject RMB1 trillion into largest banks	Modest positive
Housing measures	PBOC fund local government purchase of unsold homes Minimum down-payment for second homes reduced Tier 1 cities removing some or all buying restrictions	Marginally positive but property structurally challenged
Fiscal package	Estimated RMB2 trillion (1.5% of GDP)	Consumer stimulus helpful – more required
Stock market package	RMB800bn financing facility	Boosts sentiment

2008 China stimulus was 27% of GDP over 27 months.

Source: Sarasin & Partners

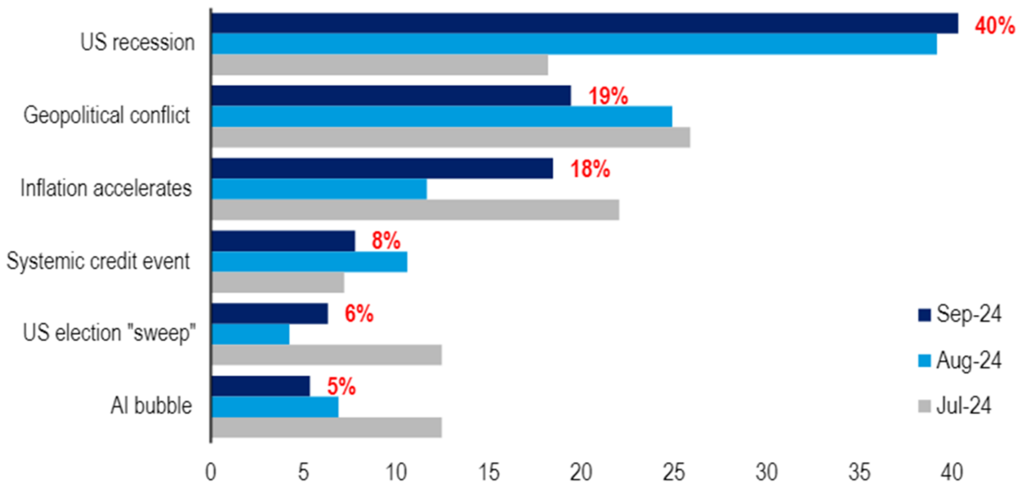
Geopolitical risks are high in a multi-polar world

"An era of conflict and confrontation" Ursula von der Leyen, Davos, Jan 2024

Geopolitics not seen as the greatest tail risk

US recession seen as the biggest 'tail risk'

What do you consider the biggest 'tail risk'?



Source: Bank of America Global Fund Manager Survey, BofA Global Research, September 2024

Geopolitical risk	Action
Israel-Hamas conflict	• Dramatic escalation across region • Limited global economic cost • Human cost terrible
Russia-Ukraine	• Ukraine risks loosing key cities • Russia, China, N. Korea and Iran alliance strengthening
Taiwan/China	• Chinese military exercises increasingly intrusive
Europe	• Far-right gains in state & nat. elections • French parliamentary leadership weak in the face of extremists
US	• Trump: Massive tariffs risk trade-war • Neither VP Harris or Trump are confronting US deficit
UK	• Comparative safe-haven with centrist govt. and growth agenda

Portfolio hedges: Gold, thematic 'quality' equities, ESG aware, portfolio-insurance, emphasis on liquidity across equities & bonds.

Important information

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

This document has been prepared by Sarasin & Partners LLP ("S&P"), a limited liability partnership registered in England and Wales with registered number OC329859, which is authorised and regulated by the UK Financial Conduct Authority with firm reference number 475111 and approved by Sarasin Asset Management Limited ("SAM"), a limited liability company registered in England and Wales with company registration number 01497670, which is authorised and regulated by the UK Financial Conduct Authority with firm reference number 163584 and registered as an Investment Adviser with the US Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940. The information in this document has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

In rendering investment advisory services, SAM may use the resources of its affiliate, S&P, an SEC Exempt Reporting Adviser. S&P is a London-based specialist investment manager. SAM has entered into a Memorandum of Understanding ("MOU") with S&P to provide advisory resources to clients of SAM. To the extent that S&P provides advisory services in relation to any US clients of SAM pursuant to the MOU, S&P will be subject to the supervision of SAM. S&P and any of its respective employees who provide services to clients of SAM are considered under the MOU to be "associated persons" as defined in the Investment Advisers Act of 1940. S&P manages mutual funds in which SAM may invest its clients' assets as appropriate. To the extent that SAM is able to exercise proxy voting on behalf of its clients, SAM follows the policy set by S&P. Proxy voting is an operational process dependent upon support from SAM's clients' custodians, some of which do not support proxy voting in all or certain markets.

This document has been prepared for marketing and information purposes only and is not a solicitation, or an offer to buy or sell any security. The information on which the material is based has been obtained in good faith, from sources that we believe to be reliable, but we have not independently verified such information and we make no representation or warranty, express or implied, as to its accuracy. All expressions of opinion are subject to change without notice.

This document should not be relied on for accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on the views and information in this material when taking individual investment and/or strategic decisions.

The value of investments and any income derived from them can fall as well as rise and investors may not get back the amount originally invested. If investing in foreign currencies, the return in the investor's reference currency may increase or decrease as a result of currency fluctuations. Past performance is not a reliable indicator of future results and may not be repeated. Forecasts are not a reliable indicator of future performance. Management fees and expenses are described in SAM's Form ADV, which is available upon request or at the SEC's public disclosure website,
https://www.adviserinfo.sec.gov/Firm/115788 .

Important information

Neither Sarasin & Partners LLP, Sarasin Asset Management Limited nor any other member of the J. Safra Sarasin Holding Ltd group accepts any liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The use of this document should not be regarded as a substitute for the exercise by the recipient of their own judgement.

Where the data in this document comes partially from third-party sources the accuracy, completeness or correctness of the information contained in this publication is not guaranteed, and third-party data is provided without any warranties of any kind. Sarasin & Partners LLP shall have no liability in connection with third-party data.

SARASIN

Sarasin Asset Management Limited

Juxon House
100 St. Paul's Churchyard
London EC4M 8BU

T: +44 (0)20 7038 7000
F: +44 (0)20 7038 6850

E: marketing@sarasin.co.uk

www.sarasinassetmanagement.com

45 Rockefeller Plaza
20th Floor
New York NY 10111 USA

00267