Q2 2026

House Report

Private Clients

Beyond the barrel

The real winners of today's energy crisis

What goes up...?
Today's candidates for a market bubble

Growth gets heavy
The AI boom is making software cheaper to create but costlier to deliver

Stewardship under siege
Beware the quiet rollback of shareholder rights

SARASIN
& PARTNERS

From the editor

Stephen Rothwell
Editor

Welcome to the latest edition of the Sarasin House Report.

Spring has a habit of keeping investors on their toes. After last April's 'Liberation Day' tariffs from President Trump, which proved to be the most significant market event of 2025, this year the outbreak of war in the Middle East involving Iran, the US and Israel is showing signs of being similarly impactful. While the humanitarian consequences of course take priority, we are also faced with great uncertainty around global energy supply and the resultant market volatility. As we go to press with this edition of the House Report, markets have rebounded with the same resilience we saw last year, though a prolonged conflict would no doubt dampen this apparent optimism.

In his overview of global markets this quarter, Guy Monson argues that today's energy crisis is not like earlier oil shocks. While the disruption is severe, it is, to some extent, being absorbed by a global economy that is less energy-intensive than before. This is being underpinned by fiscal expansion and continued enthusiasm for AI-led investing.

A longer-term perspective, explored in this edition by our Climate Analyst, Ben McEwen, suggests that the more durable winners from an energy crisis are in fact the companies helping to drive the transition away from traditional energy sources. Investment in clean energy has surged in recent years, and this trend is unlikely to slow any time soon.

Also in this edition, our economist team take a look at AI from a different perspective: how is this revolution reshaping the economic landscape? Investors may be entering not just a new technology cycle, but a different capital environment altogether.

We have an article which explores financial bubbles and whether the current hype linked to AI suggests signs of excess. But arguably, a bubble is only a bubble if it 'pops', and there is plenty to suggest that this story has much further to run.

> "As we go to press with this edition of the House Report, markets have rebounded with the same resilience we saw last year."

Our Stewardship focus in this edition looks at the troubling 'anti-ESG' narrative perpetuated by some companies and states, that threatens to undermine long-term responsible ownership. Our Stewardship team leads the call for key market actors, including asset managers, to play a more positive role.

Rounding off this edition, Georgie Flowers explores key developments in the healthcare sector. Dental implants and AI-assisted surgical robots are two examples of companies at the forefront of technological innovation.

We hope you find our insights useful and enjoy our new look. As ever, we welcome your feedback and suggestions for future topics. Please get in touch at housereport@sarasin.co.uk.

"The more durable winners from an energy crisis are in fact the companies helping to drive the transition away from traditional energy sources. Investment in clean energy has surged in recent years, and this trend is unlikely to slow any time soon."

In this issue

A pause, not a peace

A fragile ceasefire has eased immediate tensions, but the underlying conflict points to a more fragmented world with lasting implications for energy markets and investors.

Guy Monson
Chief Market Strategist
and Senior Partner

Key points

The ceasefire reduces immediate risks but does not resolve underlying tensions, leaving a more persistent period of instability.

Oil markets are likely to retain a structural risk premium, with supply disruptions and geopolitical uncertainty impacting prices.

Central banks and investors are taking a more measured approach, supporting a gradual return to risk assets despite ongoing volatility.

Wars are, by their nature, unpredictable. Unlike recent trade conflicts where damage is easily reversible, hot wars cannot simply be managed or resolved solely by Washington. The US, Israel, Iran, Gulf states and external powers all have distinct – and in some cases competing – objectives, which are now becoming clearer as diplomatic channels reopen but fail to deliver a broader settlement.

At the time of writing, there is a ceasefire, though this should be understood in the wider context. It represents a pause in escalation rather than a resolution. While it has reduced the immediate risk of direct confrontation, it has already been tested by sporadic incidents and continued tensions, particularly in Lebanon and across maritime routes. This underlines how fragile the current situation remains.

For investors, the key is to remain clear-headed but flexible, focusing less on daily developments and more on the structural forces shaping markets. This reinforces our Fragmentation regime: a world in which geopolitics has a persistent impact on trade, security, energy and the role of the US dollar.

A muddle-through scenario

From a military perspective, the April ceasefire aligns with what we have previously described as a "muddle-through" scenario. It lowers the probability of near-term escalation and allows all parties to regroup, while giving policymakers space to claim tactical progress ahead of key diplomatic engagements. However, this falls well

short of a durable settlement. Iran, though weakened, retains influence over access to the Strait of Hormuz, while Gulf neighbours continue to face a regime capable of periodic disruption to energy infrastructure and shipping.

Recent developments suggest the conflict is evolving rather than ending. Activity has shifted toward "grey-zone" tactics, including cyber disruption and interference with maritime navigation. At the same time, early discussions around a multinational naval framework to secure shipping lanes have begun, but these remain tentative and lack credibility as an enforcement mechanism.

A ceasefire therefore marks a transition – from acute conflict to a lower-intensity but more persistent instability. For markets, this implies reduced near-term volatility but a sustained structural risk premium.

A long-term risk premium for oil

The most immediate impact has been in energy markets. Oil prices remain sharply higher year-to-date, despite some retracement following the ceasefire. The scale of disruption – effectively removing a significant portion of global supply – has few modern parallels. While prices have stabilised in recent weeks, they remain highly sensitive to even minor disruptions, reflecting limited spare capacity and fragile supply chains.

A sustained decline in oil would likely require either a clear de-escalation by Iran or a credible international framework to guarantee free passage through the Strait of Hormuz. Both now appear possible in the medium term.

The disruption has extended beyond crude into refined products, particularly diesel and jet fuel. These markets adjust more slowly, and shortages – especially in Asia – may persist. Early signs of demand rationing and the release of strategic reserves suggest the shock is still working its way through the system.

Central banks will likely pause... for now

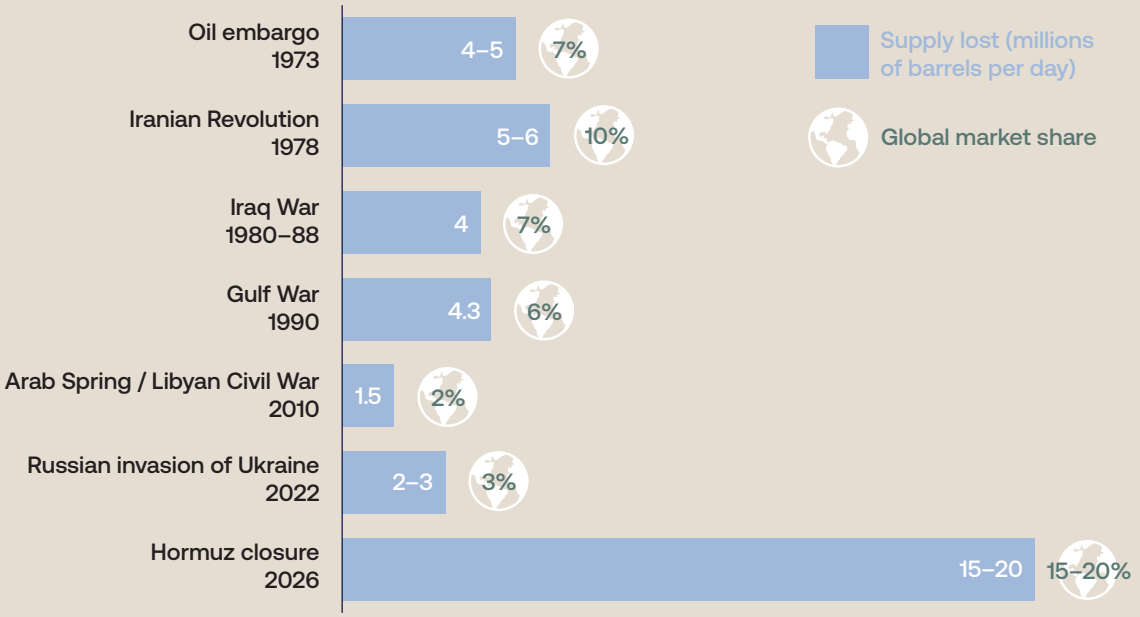
Central banks are in a more comfortable position following the ceasefire. While the energy shock has been significant, the pause in hostilities reduces the risk of further escalation and extreme price volatility.

Policymakers are therefore more willing to "look through" the inflation spike. Recent communication from the Federal Reserve and European Central Bank suggests a readiness to tolerate short-term energy-driven inflation, rather than tightening policy aggressively. This approach spreads the economic adjustment over time, allowing inflation to rise temporarily rather than forcing a sharper slowdown in growth. With inflation expectations still broadly anchored, central banks retain flexibility.

For investors, this supports a more balanced stance on government bonds. Yields remain elevated, but the risk of further aggressive tightening has diminished. We have therefore moved from underweight to neutral.

> "For investors, the key is to remain clear-headed but flexible, focusing less on daily developments and more on the structural forces shaping markets."

Figure 1: How a Hormuz closure compares to past oil shocks
Previous geopolitical events have caused temporary disruptions to global oil supply, but closure of the Strait of Hormuz is having a much larger impact. The volume at risk is significantly higher than in recent crises, underlining its importance to global energy markets.



Source: IEA, Reuters, and Sarasin & Partners, estimates to April 2026.

Where are the safe havens?

Traditional safe havens have behaved less predictably. At the time of writing, the dollar, for example, has strengthened only modestly – unusual in a period of geopolitical stress.

Part of the explanation lies in the origin of the shock. With uncertainty linked in part to US policy, global investors have shown greater caution toward dollar assets. The conflict has also highlighted vulnerabilities in the petrodollar system. There is growing evidence – albeit still incremental – of energy trade being settled in alternative currencies. While not a near-term threat to dollar dominance, this trend reinforces the longer-term case for diversification.

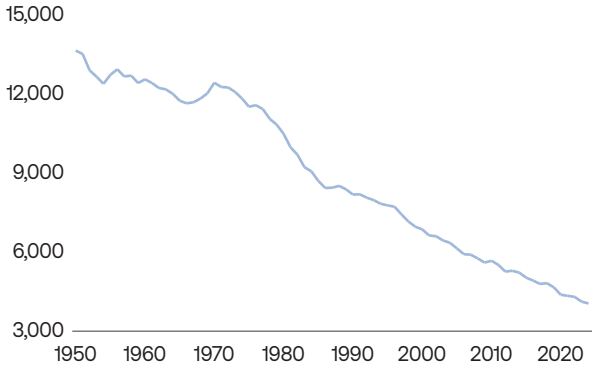
Combined with persistent US fiscal deficits, this supports our continued underweight position in the dollar.

The role of gold

Gold has not initially behaved as expected, declining despite heightened geopolitical risk. This likely reflects profit-taking and a shift toward energy-linked assets.

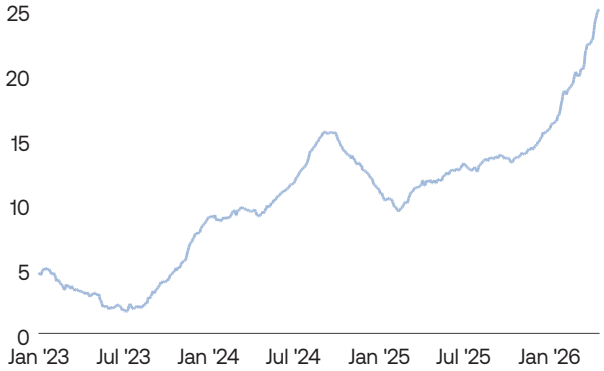
More recently, however, gold has begun to stabilise as real yields ease and uncertainty persists. While its short-term performance has been mixed, its longer-term role remains intact. In the longer term, gold continues to offer diversification, particularly for central banks seeking to reduce dollar exposure, and serves

Figure 1: Energy intensity continues to fall
This chart shows the total energy consumption per real dollar of GDP for the US



Source: Macrobond, 16.04.26

Figure 2: Global equity earnings have risen
This chart shows earnings per share growth for the MSCI All Country World Index.



Source: Macrobond, 13.04.26

as a hedge against fiscal expansion and geopolitical fragmentation.

Implications for equities

Global equities have been relatively resilient. While markets initially declined, they recovered strongly in recent weeks, with the leadership widening from the energy and defence sectors to technology and the financial sector.

We have used this period to begin redeploying cash into equities. Four factors support this stance:

— Growth was relatively robust entering the crisis, particularly in the US

— Economies are significantly less energy-intensive than in past oil shocks (figure 1)

— Fiscal policy remains supportive in both the US and China

— AI-related investment continues to provide a powerful structural tailwind

This combination helps explain why earnings expectations have remained resilient (figure 2) and even improved, despite the geopolitical and energy shock.

Conclusion

This is not a traditional oil shock. While the disruption is severe, it is being absorbed by a more resilient global economy – less energy-intensive and supported by fiscal expansion and AI-driven investment. A ceasefire reduces immediate risks but does not resolve the underlying conflict. Recent weeks have reinforced the likelihood of a prolonged period of instability rather than a rapid return to normality.

For investors, the key signals remain structural. Tangible assets – including energy, infrastructure, defence and commodities – are likely beneficiaries of this environment.

This underpins our strategy: a gradual increase in equity exposure, a neutral stance on government bonds focused on income, and a continued role for gold. At the same time, the build-out of the AI economy remains a dominant force, shaping global markets regardless of geopolitical outcomes.

“Our strategy: a gradual increase in equity exposure, a neutral stance on government bonds focused on income, and a continued role for gold.”

How AI is reshaping the economic landscape

Adam Hamilton
Economist

Subitha Subramaniam
Chief Economist, Partner

For years, tech companies thrived by scaling software at near-zero cost. AI is changing that: it's easier to build products, but more expensive to run them. That shift could reshape profits, competition and what investors value most.

Over the past decade, investment markets have richly rewarded companies built on intangible capital – non-physical assets that contribute to the value, productivity, or earning potential of a business – particularly those leveraging intellectual property and network effects. This has been most evident in software, data, brands and platforms. Once established, these businesses can scale to millions of users without requiring significant additional investment. The result has been the rise of a small number of very large technology firms generating persistent, highly scalable profits. Stocks in this category include the likes of Alphabet, Meta, Microsoft and Nvidia.

What is often missed is how the rise of these businesses dovetailed perfectly with the broader macroeconomic environment. In the aftermath of the 2008 financial crisis, central banks aggressively lowered interest rates, while quantitative easing helped anchor them at low levels. This compressed discount rates – the rate that central banks charge other financial institutions to borrow – making long-duration profit streams particularly valuable. Money flowing into passive funds strengthened this effect, as market-cap weighting directs more money to the largest listed firms. As valuations rose, their cost of capital fell, enabling further investment and expansion. In this way, past success fed into future dominance, creating a reinforcing loop between monetary policy, index construction and the economics of intangible assets.

Key points

The past decade's tech dominance was driven by intangible assets combined with low interest rates and passive investing, creating highly scalable, high-margin businesses.

AI disrupts this model by lowering the cost of building products while raising the cost of serving users, meaning scale no longer guarantees higher margins.

As AI ties digital services to physical infrastructure, value may shift towards companies with access to capital, compute, and energy, especially in a higher-rate macro environment.

Advantage to the giants

At the centre of the model was a distinctive cost structure: high fixed costs and very low variable costs, which encouraged firms to prioritise rapid growth and market share. In other words, because adding new customers was seen as relatively cheap, these companies could prioritise growing as fast as possible, even if they lost money at first. A motto popularised by Meta's Mark Zuckerberg was to "move fast and break things" – encouraging engineers to prioritise speed, risk-taking, and innovation over caution or perfection. Firms that adopted this approach were able to reach critical mass, which in turn helped sustain margins and defend market share over long periods. Low interest rates amplified these advantages further, as the value of distant future earnings rose when discount rates fell.

Large technology platforms may also have contributed to a disinflationary backdrop by putting downward pressure on prices. Their advertising-funded services undercut or eliminated traditional pricing (for example, Google Maps vs. paid navigation, YouTube vs. cable TV) and marketplaces like Amazon reduced information asymmetries and forced price competition across retailers. That, in turn, gave central banks scope to keep policy accommodative for longer, reinforcing the same conditions that supported these firms' growth. The interaction between near-zero marginal costs, passive capital allocation and compressed interest rates created a self-reinforcing regime.

Cheaper to build, expensive to serve

AI does something unusual: it pushes the economics in two directions at once, and the net effect on profitability is far less straightforward than either the optimists or the sceptics tend to acknowledge.

On one side, AI lowers the cost of building software. Code can be written faster, products can be launched with fewer people, and functionality can be added more cheaply. The upfront investment required to create a viable product falls. That weakens one of the old era's most powerful defences: if building is cheaper, barriers to entry are lower, and incumbents face more frequent competitive challenge.

On the other side, AI raises the cost of serving customers. Running machine learning at scale is expensive. It depends on computing power and energy, semiconductors, cooling systems and data-centre capacity. Each additional unit of usage carries real incremental cost in a way that a traditional software product did not.

The economic model that results from these two forces is quite different from the one that investors grew comfortable with over the past decade. Previously, this depended on high fixed costs spread across a growing user base at near-zero marginal cost. AI inverts this: lower build costs but serving costs that rise as usage grows. We believe investors have been slow to internalise the full implications: AI companies may never enjoy the effortless margin expansion that defined the last technology cycle.

AI makes digital products physical again

AI products cannot scale without a concomitant scaling of the physical infrastructure: chips, data centres, grid connections, power generation and cooling infrastructure. Previously, this meant value accrued to platforms and software companies that owned hard-to-replicate intangible assets. In the years ahead, it may shift towards those who can finance, build, operate, and control physical infrastructure at scale.

Software, data and network effects have not ceased to matter. The change is that returns are no longer purely asset-light. Profitability increasingly depends on a combination of intangible capability and tangible capacity – in other words, a business needs both 'soft' strengths and 'hard' assets working together. Firms that lack access to the tangible side may find their economics deteriorating even as demand for their products grows.

AI makes competition easier, but scale more expensive

Because AI lowers the cost of creating software, entry barriers fall. Because serving costs rise with usage, scale becomes less automatically profitable. A company could attract strong demand yet still fail to generate the margin expansion that investors learned to expect during the platform era. Heavy adoption may be unattractive if each additional user imposes real incremental cost on the business.

Acquisitions of upstart competitors, a familiar tool for defending margins, may also become less effective. If AI keeps the

> "AI does something unusual: it pushes the economics in two directions at once, and the net effect on profitability is far less straightforward than either the optimists or sceptics acknowledge."

cost of building new products low, acquired competitors can be replaced more easily by new entrants. The persistence of profits weakens on both sides: margins compress because serving costs are higher, and competitive moats narrow because building costs are lower.

This creates serious valuation risk. Investors applying assumptions formed during the intangible era – high margins, durable moats, minimal ongoing capex – to AI businesses will systematically overestimate returns and underestimate capital requirements.

Reinforcing the shift

The macroeconomic environment reinforces this structural shift. Since the pandemic, the balance between monetary and fiscal policy has moved, and the world of zero interest rates and repeated quantitative easing appears unlikely to return. Fiscal pressures have risen across developed economies, inflation risk looks more persistent, and the hurdle for renewed monetary accommodation is higher than it was in the decade after the financial crisis.

In that environment, the valuation support that long-duration intangible profit streams received during the previous decade may be less reliable. Compressed discount rates made those streams exceptionally valuable. If rates remain structurally higher, the automatic uplift fades.

At the same time, a world shaped more by industrial policy, infrastructure investment, and strategic competition between major economies may prove more supportive of businesses linked to physical capacity and supply-side investment. The shift from intangible profits toward tangible capital is occurring precisely as the macro environment shifts to favour such assets.

What does this mean for investors?

During the intangible era, the central investment question was: which firms own the most valuable intangible assets? Going forward, the more productive question is: which firms can combine intangible capability with access to scarce tangible inputs? This includes inputs such as computing power, semiconductors, physical infrastructure and the financing capacity to deploy them at scale.

Some incumbents will emerge stronger from this transition because they can fund infrastructure and absorb the cost of scaling. Others may discover that AI makes their business models more capital-intensive and less profitable than their historical track record suggests. Parts of the supply chain once considered peripheral may capture a greater share of economic value.

The post-crisis period rewarded intangible capital, near-zero marginal cost and scalable profits. The AI era appears to depend more on tangible investment, physical bottlenecks and the ability to convert digital capability into economically viable production. Investors may be entering not just a new technology cycle, but a different capital environment altogether.

The anatomy of a bubble

History is littered with financial 'bubbles'. What lessons can we learn from past crashes, and are there any asset classes today that warrant close scrutiny for signs of excess?

Tom Santa-Olalla
Senior Associate Partner

Key points

In our view bubbles are only clear in hindsight, as without a financial loss (a 'pop') it is not a bubble.

Some bubbles destroy value, while others help create future growth.

For investors, diversification and discipline matter more than trying to time the peak.

There is always something to cause concern in financial markets. Volatility and uncertainty are the price we pay for potential growth. But every so often, growth in a particular asset class, industry or geography, accelerates to such a degree that investors ask: how far can this go, and is this a bubble?

Despite the volume of academic papers written on the subject, there is no single conclusive definition of a financial bubble. At Sarasin, we think of bubbles as periods of strong and accelerating price gains, driven by momentum, often linked to a powerful "new narrative" (such as a technological or policy shift). This can culminate in an eventual reversal that causes a material financial loss. To quote the late Sir John Templeton, the four most dangerous words in investing are: "this time it's different".

The benefit of hindsight

An important point: our view is that a financial bubble is not truly a bubble unless it 'pops'. Otherwise, it is simply a period of strong growth. This means that bubbles can only really be confirmed after the event, which is why identifying them in real time is so difficult.

Investments can appear to be either extreme speculation or the infancy of something genuinely transformative. Consider the early days of cloud computing and digital platforms in the mid-2000s through to the mid-2010s, when many feared these developments looked bubble-like. In hindsight, this was not a bubble as it did not 'pop'. In other words, significant financial losses did not materialise and much of this technology became the infrastructure on which modern businesses are built.

Bubbles occur regularly but not all are created equal. Some destroy value for participants but with contained consequences; others are systemically destructive; and some usher in new eras of opportunity through the infrastructure they leave behind. Many of the most important advancements in modern history have emerged because of bubbles, not in spite of them. The exciting narratives that often accompany financial bubbles can in fact be powerful magnets for capital deployment.

A good example is the railway mania of the 1840s in the UK. While this bubble

eventually burst due to speculative investment in unprofitable or overbuilt projects, it resulted in thousands of miles of railway track being laid in just a few years. Similarly, the dotcom bubble of the late 1990s and early 2000s led to significant investment in fibre optic infrastructure, much of it laid by companies that did not survive the subsequent downturn. Both episodes resulted in painful recessions, but in each case, the infrastructure created became the foundation for future growth in industries and sectors beyond their own.

We consider the most dangerous bubbles to be those heavily fuelled by debt, and those unsupported by real, valuable innovation or technologies. The 1929 crash, exacerbated by significant margin borrowing, is a clear example. More recently, the 2008 global financial crisis was driven by excessive risk-taking in housing markets, fuelled by risky subprime mortgage lending, amplified by further leverage and complex financial products.

Predicting when a market has entered bubble territory, and might pop, is fiendishly difficult. The problem is, no two bubbles are the same. History is littered with false alarms and the cost of selling too soon can be significant, as Sir Isaac Newton learned many years ago. A polymath he may have been, but he is also believed to have lost roughly £20,000 (over £3m today) in the 1720 South Sea Bubble. The South Sea Company held a monopoly on trade with South America but became a speculative bubble based on buying up British national debt. Newton invested early, and initially sold for a handsome profit. However, as the bubble continued to grow, he reinvested an even larger sum but this time, right at the top of the market. Before long, the bubble popped and he lost everything.

Where might risks be building today?

Looking at market behaviour, and associated commentary, there are several areas arguably exhibiting bubble-like characteristics today, notably artificial intelligence (AI), private credit, and gold.

Artificial intelligence

AI is best understood not as a single technological event, but as a long-term, capital-intensive economic transition. In other words, it is a gradual, and somewhat expensive, shift in how the economy works. It has the potential to boost productivity across many areas and help create wealth over the long term. It has the potential to be a profound and transformative technology that should reshape the world of work and beyond (see Economist outlook, page 9).

From an investment perspective, parallels are increasingly being drawn with the dot-com bubble, given elevated valuations and significant capital inflows into AI-related companies. A February 2026 Bank of America survey found that 23% of institutional credit investors identified an AI bubble as their primary concern. One key risk is the scale of capital expenditure on AI infrastructure, such as data centres.

That said, there are important differences today. Some key players in the AI build-out have seen significant share price appreciation and momentum. However, price is only half the story. The other half is earnings. Compare price to earnings and you get a basic sense of valuation. Not every fast-rising price is a potential bubble. Sometimes it's the market repricing a real step change in profitability.

Many leading AI companies are highly profitable, in contrast to the speculative, profitless growth seen during the dot-com era. Valuations today of the largest technology-led companies in the world,

the so-called 'Magnificent 7', are also nowhere near as high as they were for the largest tech companies in 2000 (see figure 1 which shows the price-to-earnings ratio, a measure that tells you how 'expensive' or 'cheap' a stock is relative to its profits).

In the context of recent volatility, we do not believe the sector is currently a candidate for potential bubble territory.

However, we remain selective, with a clear preference for profitable, high-quality businesses. Another useful measure, the debt-to-equity ratio, looks at a company's financial leverage calculated by dividing its long-term debt by stockholders' equity. While debt levels vary significantly across the sector – Morgan Stanley estimates hyperscalers will raise around $400bn in corporate bonds in 2026 to scale AI infrastructure – most of the big tech firms still have solid balance sheets. We also remain conscious of interconnected deals between the major players. For example, the big cloud companies are paying money into AI firms like OpenAI and Anthropic, with the same companies then spending that money buying cloud services back from them. In other words, some of the reported revenue may be coming from their own funding rather than fully independent customer demand.

Private credit

First, let's define our terms. There is no one single definition of private credit, although there is one common characteristic: it is not publicly traded. Rather than borrowing from banks or issuing publicly traded bonds, in a private credit transaction companies raise finance directly from private lenders, typically institutional investors or specialist managers.

Figure 1: Valuations look elevated today, but history tells a different story
These tables show the 12-month forward price–earning ratios comparing the largest technology companies today with their counterparts at the peak of the dotcom era.

The Magnificent 7 in 2025

	12-month forward p/e ratio
Microsoft	23.7
Apple	29.2
Nvidia	21.8
Amazon	24.0
Alphabet	25.5
Meta	18.6
Tesla	171.3
Weighted average	**33.6**

Largest seven tech companies in 2000

	12-month forward p/e ratio
Microsoft	97.4
Cisco Systems	126.7
Intel	82.6
Oracle	169.3
IBM	26.3
Lucent Technologies	40.0
Nortel Networks	18.2
Weighted average	**90.6**

Source: Datastream, 31.12.25.

Private credit loans are typically floating rate and frequently senior secured, meaning they are first in line for repayment in the event of distress. The term 'private credit' is pretty broad. It contains several sub asset classes including middle market direct lending, distressed debt, special situations, and asset-backed finance. Estimates of market size vary, but we believe the market stood at approximately $3trn at the start of 2025, broadly comparable to the size of the FTSE 100.

Despite its size, more recently, sentiment towards the sector has deteriorated. Fund flows have moderated, default rates are rising from cyclical lows, and listed proxies, such as business development companies (BDCs) or listed credit funds, whose share prices provide a real-time market view on the value of private credit assets, are trading at discounts to net asset value. This suggests the market is less robust than it has been in recent years.

Could this end in a bubble? Time will tell, but we can say that the asset class has grown quickly, and recent news flow suggests the market is facing headwinds.

We currently have no direct exposure to private credit, though we do hold limited investments in specialist lenders, accessed via listed investment trusts on the London Stock Exchange. These more liquid vehicles have delivered positive performance both last year and year-to-date. Nonetheless, we continue to monitor developments closely, given the potential wider financial market implications.

Gold

Readers may be surprised to see gold listed in this article. Gold has long been considered a safe haven, which sounds like the opposite of a bubble asset. Despite this, gold was famously described as "the longest-lasting bubble in human history" by economist Willem Buiter in 2009 (given we define a bubble only in hindsight, we tend to disagree). Its long history, physical nature and familiarity contribute to this perception. However, in modern markets, investment flows and central bank activity often dominate short-term price movements, and it generates no income.

That makes it harder to judge fair value and easier for enthusiasm to run too far. Gold's value relies on someone else being willing to pay a higher price later. Its price is therefore largely underpinned by sentiment, backed up by its uniquely long-term track record, which suggests it will preserve value when confidence in currencies, policymakers or financial assets deteriorates.

This is precisely why we continue to hold it. Gold plays a strategic role in diversified portfolios, providing a hedge against fiat currency depreciation and periods of systemic stress. We increased our allocation in recent years as our work on the Fragmentation regime strengthened the strategic case (see House Report Q1 2026, Economist outlook, for more on our regimes). We have since trimmed positions as momentum and positioning became more stretched. Gold remains a useful diversifier, but it is ultimately a belief-driven asset.

Predicting the 'pop'

So what does this mean for investors? Ultimately, it is not about predicting when a bubble will burst – because it may not. Indeed, selling out of a sector too early on fear of a bubble could also prove to be a mistake if you lose out on subsequent market momentum. Instead, it is about understanding the characteristics of

bubbles, recognising warning signs, and focusing on disciplined portfolio construction (see boxout).

Bubbles are an inherent feature of capital markets. They end painfully, but sometimes they lay the groundwork for future growth. As investors, the objective is to understand and navigate them effectively.

We cannot know with certainty whether a particular sector represents a bubble until it bursts. However, we do know that there will be both winners and losers. As markets determine which is which, periods of volatility are inevitable. Our role is to remove emotion, apply rigorous analysis, and remain active in identifying opportunities as they arise.

Three rules for portfolio construction

1. Revisit your investment objectives, time horizon and cash flow requirements
If you have known liabilities or spending needs, you should not rely on volatile assets to meet them. When uncertainty rises, effective risk management comes from planning, not prediction. A well-structured cash buffer enables patience.

2. Maintain diversification
In the case of a technology like AI, we cannot yet fully assess the scale of its long-term impact. The appropriate approach is measured participation, diversified across companies, sectors, geographies, and asset classes.

3. Remain disciplined
Periods of exuberance or fear can tempt investors to deviate from their strategies. Such decisions can have significant long-term consequences. Maintaining discipline is critical.

“We cannot know with certainty whether a particular sector represents a bubble until it bursts.”

How an oil crisis accelerates energy transition

Ben McEwen
Analyst — Global Equities and Climate

Key points

The 2026 energy shock is pushing oil and gas prices higher, benefiting fossil fuel companies in the short term – but these gains are often limited and tend not to last.

Historically, energy crises accelerate the shift away from fossil fuels by reducing demand and boosting investment and policy support for clean energy, which is becoming increasingly cost-competitive.

Long-term value is shifting toward companies enabling the energy transition – electrification, grid infrastructure, and industrial systems – rather than traditional fossil fuel producers.

Energy price shocks may boost fossil fuels in the short term, but they tend to accelerate the shift towards cleaner energy and the infrastructure that supports it.

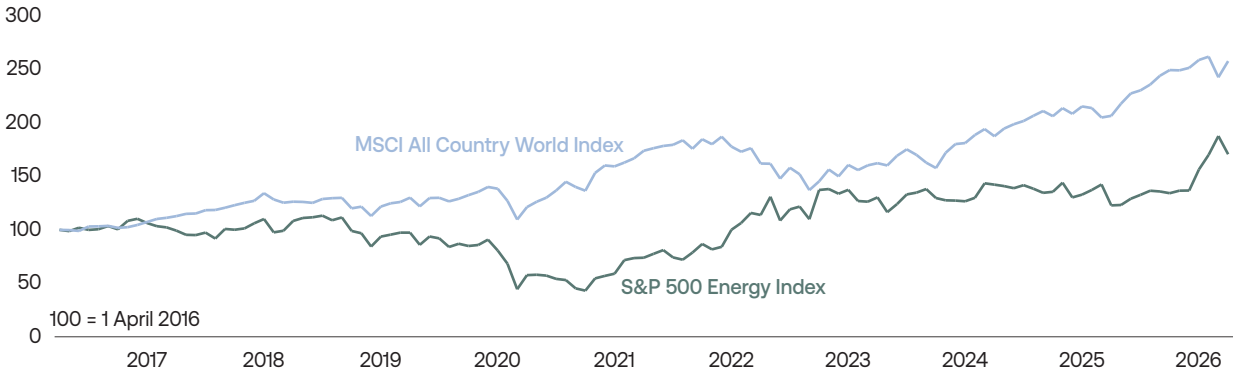
The conflict in Iran, together with the closure of the Strait of Hormuz and attacks on gas facilities in the Middle East, has forced the global economy to adapt to a significant oil and gas supply shock in 2026. The effects are being felt far beyond the Asian and European economies that depend on this shipping route. Even the largely self-sufficient US is not insulated from a global oil price above $100 a barrel.

Leaving aside the profound humanitarian toll, oil and gas price spikes may provide a temporary boost for fossil fuel investors, but caution is still warranted. Over the longer term, the more durable winners may be companies that are helping to drive the transition away from traditional energy sources.

Sarasin has long maintained a nuanced, climate-focused approach to fossil fuels. Where appropriate, however, we also selectively hold some exposure to the sector, via passive funds or in some instances individual companies, such as Shell in our Global Dividend strategy.

We recognise that periods of elevated fossil fuel prices are often seen as a reprieve for the traditional energy sector. Higher oil

Figure 1: Energy lags the wider market
The S&P 500 Energy Index has underperformed global equities over the past decade.



Source: Macrobond, data to 14.04.26

and gas prices lift revenues, widen margins and, in the short term, tend to support the share prices of energy producers. However, oil and gas companies rarely keep the excessive returns that could be earned from a commodity price spike as governments will often introduce windfall taxes aimed at redistributing these gains. For example, the Energy Profits Levy was introduced in the UK in May 2022.

Yet history suggests that energy crises do not ultimately extend the fossil fuel era. Rather, they tend to accelerate the transition away from it. High fossil fuel prices may support oil and gas companies in the near term, but they ultimately reinforce the economic, political and technological forces driving the global energy transition.

The return data is unambiguous

The performance of global equities over the past decade illustrates this dynamic clearly. Over the ten years to March 2026, the global equity market delivered significantly better returns than from the energy sector alone (as shown in figure 1). This is not a short-term dislocation; it reflects a structural shift in where value is being created in the global economy.

The energy sector's period of relative outperformance was concentrated in a single episode: the oil price spike of 2022. As energy markets tightened following Russia's invasion of Ukraine, energy equities rallied sharply – but this window lasted only around eighteen months. By 2023, much of the relative gain had already unwound. Longer-term returns have instead accrued outside the energy sector, particularly in companies exposed to electrification, grid infrastructure and industrial technology.

Why energy crises undermine fossil demand

Energy crises trigger effects that are structurally negative for long-term fossil fuel demand. This is because households reprioritise spending; driving less, switching to public transport, and reducing discretionary travel. This can accelerate the adoption of electric vehicles. Once consumers switch, they are unlikely to revert.

High fossil fuel prices also create a powerful incentive structure for clean energy investment. In 2023, global clean energy investment reached approximately $1.7trn, according to the IEA, the first year in which capital expenditure on clean energy exceeded spending on fossil fuels. In other words, the same price shock that benefits oil producers in the short term also helps finance the infrastructure that will reduce oil demand in the future.

The geopolitical multiplier

The 2022 energy shock amplified a further dimension: geopolitical urgency. Russia's invasion of Ukraine transformed energy security from a background concern into a central strategic priority, making dependence on imported fossil fuels carry not only an economic cost, but a clear political and security risk. Two policy responses illustrate the scale of the shift. In Europe, the REPowerEU programme committed €210bn by 2027 to eliminate reliance on Russian fossil fuels. In the US, the Inflation Reduction Act allocated $369bn to clean energy manufacturing and deployment. Neither would likely have been politically achievable without the preceding energy price shock.

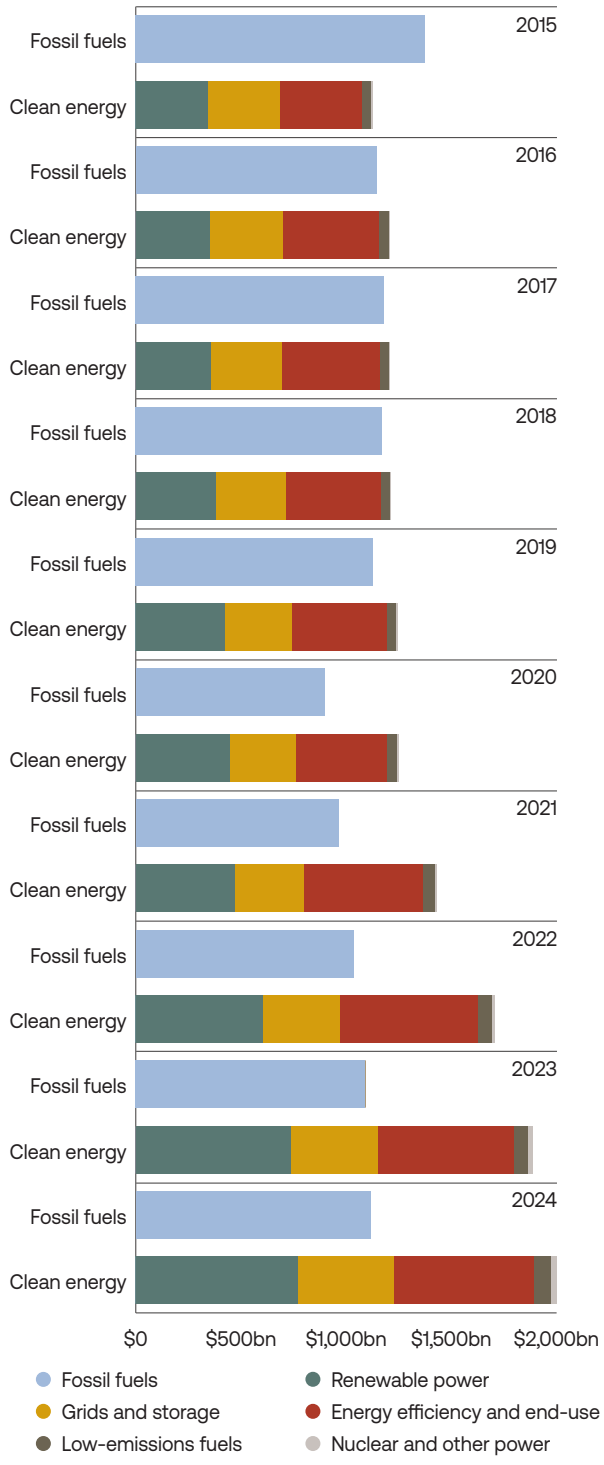
There is also historical precedent: every major oil price shock since the 1970s has been followed by a surge in policy support for alternative energy technologies. What distinguishes the current cycle is that the economics of these technologies had already improved significantly before the crisis began. Policy is therefore not initiating the transition – it is accelerating one that was already underway.

The cost advantage that does not reverse

A key driver of this transition is the changing cost structure of energy generation, measured by the levelised cost of electricity (LCOE). Over the past decade, renewable generation costs have fallen significantly as deployment has scaled, with solar benefiting from steep learning curves in manufacturing and installation.

The key insight is that this process behaves like a ratchet. When costs fall due to technological progress and scale, they rarely return to previous levels. There was a genuine complication between 2021

Figure 2: Clean energy pulls ahead
Global investment in clean energy has overtaken fossil fuels, with the gap widening in recent years.



Source: IEA, data to 30.05.24

and 2025: supply chain disruption and higher interest rates increased the cost of renewable deployment, with wind and solar LCOE rising. However, the relevant comparison is not with trough levels but with competing forms of generation. Even after these cost increases, utility-scale solar remains broadly competitive with new gas generation and significantly cheaper than gas peaking plants. The transition's cost advantage has slowed, but it has not reversed.

Where value accrues in the transition

Return data, capital flows, policy responses and cost curves all point to the same conclusion. Energy crises may temporarily boost fossil fuel profits, but structurally they accelerate the shift towards alternative energy systems. This is not a speculative scenario; it is an observable mechanism evident across multiple datasets over more than a decade.

Importantly, this does not mean fossil fuel companies will cease to generate cash flows. The more significant question for investors is not whether the energy transition continues, but where value will accrue within it. Historically, the majority of returns have not come from the technologies that directly replace fossil fuels, but from the infrastructure and industrial systems that enable the transition. Electrification requires substantial investment in power networks, grid management, industrial equipment and raw materials.

Examples from our global buy list include power infrastructure providers such as Schneider Electric, grid and electrification specialists such as Quanta Services, and producers of critical transition metals such as Freeport-McMoRan and BHP. These businesses sit upstream in the supply chain and benefit from the broad expansion of electrified infrastructure, regardless of the precise mix of generation technologies.

A transition accelerated, not delayed

The global energy system is undergoing one of the most significant structural shifts in modern economic history. Commodity markets will remain volatile, geopolitical tensions are likely to persist, and fossil fuels will continue to play a role in the global energy mix for many years. Yet the direction of travel is increasingly clear. High fossil fuel prices compress the payback period for alternative technologies, often to fewer than five years in many markets. Renewable technologies continue to benefit from powerful learning curves. Record levels of capital investment are reinforcing these dynamics each year.

Paradoxically, the very events that appear to strengthen the fossil fuel sector in the short term often accelerate the forces that weaken it over the longer term. For investors looking beyond the immediate cycle, the opportunities created by the energy transition are likely to reside less in the fuels being displaced and more in the systems and infrastructure that enable the new energy economy to function.

"The global energy system is undergoing one of the most significant structural shifts in modern economic history."

Accountability is security

In a more fragmented and uncertain world, stewardship and strong shareholder rights are essential to maintaining trust, discipline and long-term market stability.

Natasha Landell-Mills
Partner, Head of Stewardship

Key points

Rising geopolitical instability is increasing economic vulnerabilities that cannot be overlooked by investors.

Shareholder stewardship and corporate accountability are under threat in Western democracies, concentrating power in corporate boards and sowing the seeds for future crises.

At a time of mounting insecurity, responsible stewardship offers the best defence for long-term value creation.

You might say that 2026 has got off to a rocky start. War in Europe. War in the Middle East. Fissures appearing in the key Western defence alliance. Sidelining of international law in favour of strong-arm politics. From this vista, the post-financial crisis drive for 'caring capitalism' seems fanciful; we are in an era of distrust and insecurity.

This matters to investors. Markets function best when they rest on strong foundations, secure property rights, predictable policymaking, independent courts and institutions that command confidence. These are not abstract ideals. They underpin confidence, enabling companies to invest, build supply chains and plan for the long term. When those foundations weaken, business risk rises.

Through 2025, financial markets were buoyed by easier fiscal and monetary conditions and optimism that artificial intelligence could unlock a new phase of productivity growth. In 2026, however, the rose-tinted glasses appear to be coming off. With the US and Israel launching military strikes against Iran in February, choking off a third of global oil supplies and essential sources of fertiliser, geopolitical ructions are breaking through. As at the end of March, global market gyrations saw the VIX fear gauge peaking above 30 – a measure of high market volatility – and overall key equity market benchmarks down for the year.

Where does all this leave stewardship?

Stewardship grew as an investment philosophy following the financial crisis of 2007–08; an important moment of revelation for how short-termism can sow the seeds of economic pain, and – crucially – how investors are themselves key actors in delivering sustainable market outcomes. Specifically, investors' failure to hold bank executives accountable for excessive risk-taking in the years before the crisis contributed to systemic market failure.

Stewardship, therefore, has at its heart an understanding of investors' agency in delivering long-term prosperity.

Almost 20 years on, here we are again. Mirroring the erosion of global governance, structures that promote long-term responsible ownership are being dismantled in Western democracies. Responsible stewardship is being reframed as a 'woke' campaign, justifying steps that reduce shareholders' voice and hand increasing power to executives. This risks sowing the seeds for the next crisis.

Examples are not hard to find – while many have started in the US, the ripple effects are evident in the UK and Europe.

Voting rights under attack

In the US, Texas has been leading the charge. The law Texas SB 1057, adopted last year, allows firms to establish higher thresholds for shareholder proposals at AGMs than federal law. Compared with the SEC's minimum ownership of $2,000 to $25,000, Texas now demands shareholders hold at least 3% of voting shares, or at least $1m, and solicit at least 67% of voting shares just to get a proposal onto the ballot. Texas SB 29 permits pre-emptive court determinations of director independence and narrows shareholder books and records inspections.

Others are following. Delaware – which has the largest number of US incorporations – passed SB 21 restricting shareholders' books and records access and creating safe harbours shielding conflicted and controlling shareholder transactions from judicial scrutiny. Rather than defending investor rights, SEC Chair Atkins has indicated he will take the changes to a federal level.

The UK Government also seems intent on taking us back decades, abandoning core governance standards under the rubric of deregulation. In 2024, the premium listed market was abolished, and with it one-share one-vote, shareholder votes on significant transactions, rules governing related-party transactions, and mandatory written controlling shareholder agreements.

Emboldened by the anti-shareholder mood, corporates are flexing their muscles. Having pursued litigation against shareholders for filing a climate resolution

in 2024, Exxon has gained SEC approval to automatically lock in retail investor votes in favour of management – insulating the board from shareholder pressure.

The chilling effect is palpable: according to Bloomberg, no shareholder resolutions were filed at Exxon in 2025, the first time in 25 years, and US shareholder resolutions were down 25%. In March BP set a new precedent for the UK by refusing to circulate a climate-related shareholder resolution for its 2026 AGM.

Back to the dark ages?

While voting rights are the means through which shareholders hold boards accountable, reliable reporting is the bedrock on which accountability is built. Here too, standards are slipping.

While few were surprised the Trump administration revoked ESG disclosure requirements, it has gone further to define ESG factors as immaterial – whatever the truth. Companies are to keep quiet on potentially investment-relevant disclosures simply because they are labelled 'ESG'. Under another rule change, 'non-pecuniary' ESG factors would be deemed contrary to federal pension fund obligations. Pension managers who account for climate risks will risk breaching fiduciary duty.

The EU has also been 'streamlining', removing about 80% of previously in-scope companies from the Corporate Sustainability Reporting Directive.

To be clear, some of this represents an overdue recalibration – the EU's reporting standards run to approximately 1,144 data points, an order of magnitude more than financial disclosure requirements. Globally, an alphabet soup of reporting frameworks like GRI, SASB, TCFD, CDP, ISSB, ESRS, or TNFD compete for attention with little consistency. The ESG industry has become a parallel universe, too rarely connected to decision-making on capital deployment.

But replacing an 'ESG' tick-box regime with an 'anti-ESG' tick box regime is equally flawed. Efficient markets require reliable disclosures that enable an assessment of long-term value.

And what of audit protections?

One of the least visible but most important parts of an effective accountability system is rigorous independent audit. Years of progress in driving higher quality audit has been upended in recent months.

In mid-2025, the US Government removed the federal audit regulator's leadership, cut its funding and reversed key rules. There have been no enforcement actions since. The UK Government announced in January that it will abandon a decade's worth of reforms. Key casualties include enhanced capital maintenance protections and a new independent audit regulator with greater enforcement powers.

"While voting rights are the means through which shareholders hold boards accountable, reliable reporting is the bedrock on which accountability is built."

Unnoticed and unchallenged

The sustained attack on shareholder rights and good governance is largely going unchallenged, despite efforts by some such as the International Corporate Governance Network (ICGN). BlackRock, State Street and Vanguard – together managing trillions of dollars of assets – appear to be keeping their heads down.

In the 2024–25 proxy season, both BlackRock and Vanguard supported 99% of director re-election proposals at S&P 500 companies — near-blanket deference to management. Their support for shareholder resolutions has become almost a rounding error. Once an advocate for shareholder stewardship, BlackRock's CEO's 2026 letter to investors makes no mention of the profound changes afoot.

What to do?

Pendulums swing. They always have, and markets have proved remarkably resilient. The trouble is that what we are witnessing now is dangerous because it is characterised by the degradation of socioeconomic institutions that consumers and investors depend on. In today's insecure world, the need for key market actors – including asset managers – to play a positive role is more important than ever. Responsible stewardship cannot answer all the world's ills – but that should not be an excuse for paralysis.

Raising the bar for shareholder voice

New rules in Texas significantly increase the thresholds required for investors to put proposals to a vote, raising the bar well above federal standards.

Federal baseline (SEC rules)

— $2,000 to $25,000 minimum shareholding

— No requirement to secure majority backing in advance

Texas SB 1057

— At least 3% of voting shares or $1m invested

— Must secure support from 67% of shareholders

— Higher legal and procedural barriers

Higher thresholds mean fewer shareholders can bring proposals to a vote.

Procedures, not prices: healthcare's next growth model

Georgie Flowers
Global Equities Analyst

Key points

Pricing power in healthcare is facing greater scrutiny, particularly as policymakers focus on drug affordability and cost control.

Structural demand for healthcare continues to grow, driven by ageing populations, rising chronic disease prevalence, and expanding access to care.

Companies whose revenues scale with procedural volumes rather than pricing increases may offer more durable long-term growth for investors.

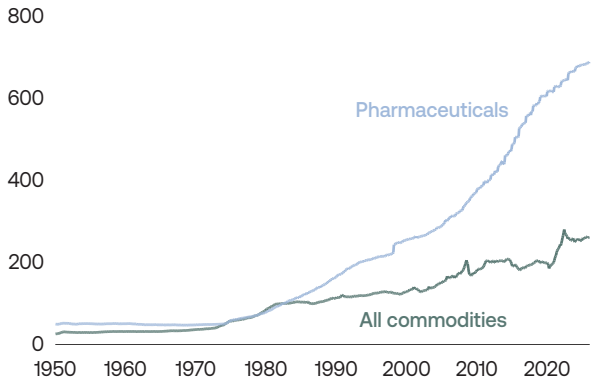
Healthcare has historically been one of the most attractive sectors for long-term investors, combining structural demand with resilience through economic cycles. As a thematic investor, we at Sarasin assess the sector through the theme of Ageing in particular.

While healthcare spending rises globally, established models of pricing are being challenged. How, then, should investors assess the prospects for healthcare companies today?

Historically, the sector followed a well-trodden path with a meaningful portion of pharmaceutical revenue growth, particularly in the US, coming from regular price increases within a system characterised by relatively limited direct pricing controls. However, in recent times that has been challenged and it is clear that the growth model is now beginning to show signs of fatigue.

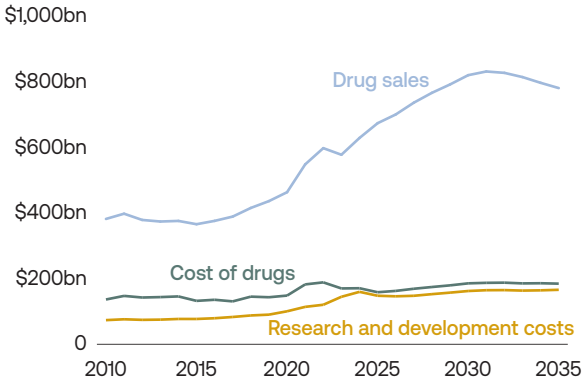
A positive for the sector is that healthcare spending already accounts for a significant share of developed world GDP – around 12–13% across OECD countries, according to the World Bank Group – and continues to rise faster than inflation. Despite this, governments and payers are increasingly focused on controlling costs. Meanwhile, pricing flexibility, once an implicit feature of the pharmaceutical model, is facing greater scrutiny.

Figure 1: A widening pricing gap
Drug prices are rising faster than broader producer costs.



Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, data to 01.01.26

Figure 2: Sales outpace underlying costs
Drug revenues have grown faster than manufacturing and R&D expenses.



Source: Bloomberg, data to 31.12.25

Pricing power under pressure

Political attention on drug affordability has intensified in recent years. In the US, the Inflation Reduction Act introduced a new mechanism allowing Medicare to negotiate prices directly for selected high-cost medicines. While the immediate financial impact may be limited, the policy marks a symbolic shift. For decades, direct price negotiation was effectively off limits.

Looking across the profit and loss statements of major US and European pharmaceutical companies, rising drug prices have not generally been accompanied by comparable increases in manufacturing or research and development costs (figure 2).

Outside the US, pricing pressure has long been embedded in healthcare systems. European markets rely on national reimbursement frameworks and centralised negotiations. For example, in the UK the NHS decides which drugs it will pay for, how much it will pay, and under what conditions patients can receive them. In Asia, several markets use volume-based procurement programmes to drive down costs – as a government promises to buy large purchase volumes, so drug companies must offer steep price discounts. Meanwhile, biosimilar competition continues to erode the economics of older branded drugs once patents expire, as it has always done. When the patents on these drugs expire, competing biosimilar versions enter the market, which lowers prices and reduces the profits of the original branded drugs.

Taken together, these forces do not eliminate pricing power entirely; innovative therapies that deliver meaningful clinical benefit can still command substantial launch prices but pharmaceutical growth is increasingly tied to patient penetration and access rather than sustained price escalation.

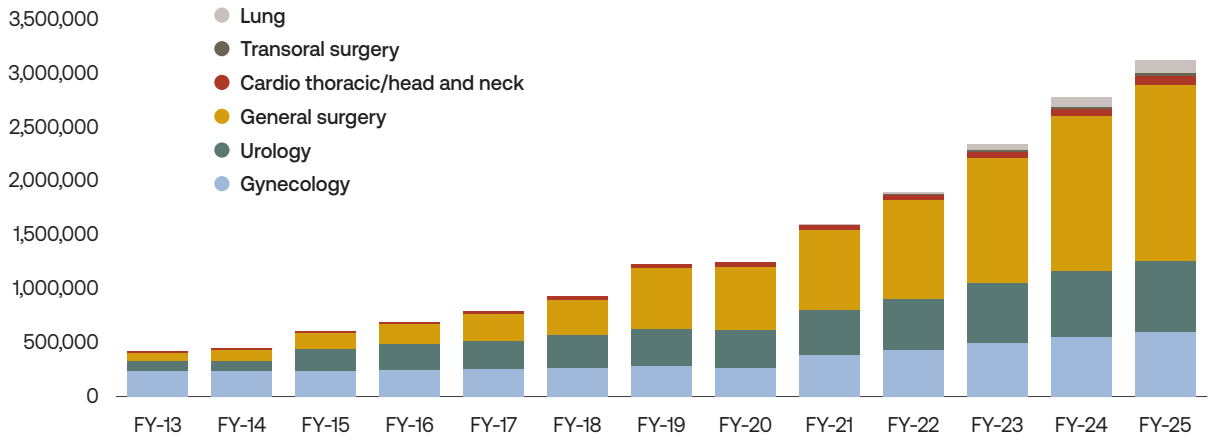
Volume as the dominant growth driver

The more interesting implication for investors is the growing importance of volume-driven business models. Companies whose revenues depend primarily on utilisation – the number of procedures performed, tests run or patients treated – are structurally aligned with rising healthcare demand.

From a thematic perspective, demographics are the most obvious driver. Populations across developed markets are ageing rapidly, and older populations consume significantly more healthcare. Surgical interventions, diagnostic imaging, and chronic disease management all increase sharply with age.

Importantly, this demand is not cyclical. Chronic conditions require treatment regardless of economic conditions, and advances in medical technology are expanding the range of patients who can be treated effectively.

Figure 3: Procedures drive growth
The number of da Vinci procedures performed continues to rise at a strong pace.



Source: Intuitive Surgical, data to 31.12.25

In this environment, businesses tied to procedural volume rather than pricing discretion may offer more durable growth. We think certain medical technology companies, in particular, are well positioned. We highlight two examples below.

Intuitive Surgical: growth through procedures

Intuitive Surgical is a US-based medical technology company that develops, manufactures, and markets robotic systems designed to improve clinical outcomes through minimally invasive surgery. It is perhaps the clearest example of a healthcare business built around procedural growth. Its da Vinci robotic systems enable surgeons to perform a range of gynaecological, bariatric, gastrointestinal, and other procedures through tiny incisions, while viewing patient anatomy in high-definition 3D from a dedicated console.

Advances in surgical robotics are transforming major, invasive operations that once required lengthy hospital stays and months of recovery into routine outpatient procedures. The company has also introduced an AI-enabled surgical "assistant" capable of monitoring procedures and providing real-time feedback to the surgeon.

The model is simple and powerful. As the installed base of systems grows, so does the number of trained surgeons. As surgeon familiarity increases, the range of procedures performed expands. The addressable market remains large. Intuitive Surgical reported that approximately 3.2 million da Vinci procedures were performed in 2025, an increase of 18% from roughly 2.7 million in 2024. With more than 300 million surgical procedures performed globally each year, we think that Intuitive Surgical is well positioned to meaningfully improve patient outcomes while also delivering significant economic benefits for hospitals.

From a healthcare system perspective, robotic surgery can also improve efficiency. Shorter hospital stays and lower complication rates are attractive outcomes for systems operating under fiscal pressure.

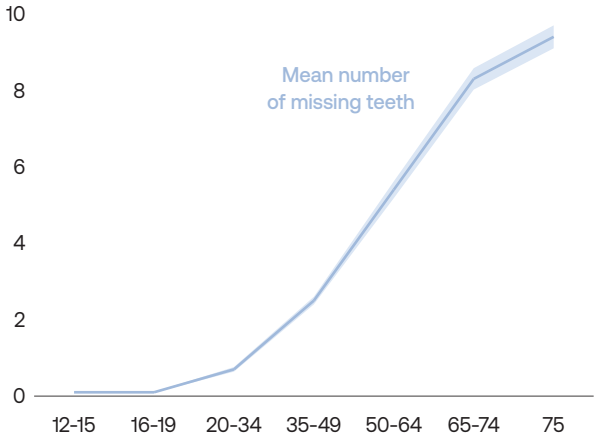
For investors, Intuitive Surgical represents a business whose economics are driven overwhelmingly by procedure volumes rather than pricing power.

Straumann: demographic dentistry

Switzerland-based Straumann, a global leader in dental implants and digital dentistry, offers a different example of the same underlying dynamic.

Source: Centers for Disease Control and Prevention. Oral Health Surveillance Report: Trends in Dental Caries and Sealants, Tooth Retention, and Edentulism, United States, 1999–2004 to 2011–2016. Atlanta, GA: Centers for Disease Control and Prevention, US Dept of Health and Human Services; 2019.

Figure 4: Tooth loss increases with age
Older age groups have a higher average number of missing teeth.



Dental implants have steadily become the preferred treatment for tooth loss, offering a more permanent and functional solution than traditional dentures. Yet global penetration remains relatively low. As awareness increases and dental technologies improve, implant procedures continue to expand.

Demographics again play a central role. Tooth loss is strongly correlated with age (figure 4), and ageing populations naturally expand the addressable market for restorative dentistry. At the same time, rising incomes in emerging markets are also increasing access to advanced dental care.

Straumann's strategy reflects this structural growth opportunity. The company operates across multiple price tiers and invests heavily in training dentists and integrating digital workflows into implant procedures. These investments help create a strong ecosystem around its products and encourage repeat usage.

Like Intuitive Surgical, Straumann benefits from a model in which revenue growth is driven primarily by the number of procedures performed rather than by pricing increases.

Portfolio implications

Ageing remains a compelling, structural theme in global equities. The inexorable ageing of populations, alongside the rising prevalence of chronic disease, ensure that demand for healthcare services will continue to grow over time.

However, the drivers of value creation within the sector are evolving. In an environment where pricing power is increasingly scrutinised, businesses linked to utilisation and procedural volume may offer more durable growth.

Companies such as Intuitive Surgical and Straumann illustrate this shift. Their revenues expand as more patients are treated and more procedures are performed – a model aligned with demographic reality and the needs of modern healthcare systems.

For long-term investors, the most attractive opportunities in healthcare may increasingly be found in businesses whose economics scale with utilisation rather than pricing alone.

Important information

This document is only intended for retail investors in South Africa. You should not act or rely on any information contained in this document without seeking advice from a professional adviser.

This is a marketing communication. Issued by Sarasin & Partners LLP, 50 George Street, London W1U 7DY. Registered in England and Wales, No. OC329859. Authorised and regulated by the Financial Conduct Authority (FRN: 475111). Website: www sarasinandpartners.com. Tel: +44 (0)20 7038 7000. Telephone calls may be recorded or monitored in accordance with applicable laws.

This document has been produced for marketing and informational purposes only. It 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.

Capital at risk. 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.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect of any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Neither Sarasin & Partners LLP 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. Sarasin & Partners LLP and/or any person connected with it may act upon or make use of the material referred to herein and/or any of the information upon which it is based, prior to publication of this document.

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.

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CISs are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. Performance has been calculated using net NAV to NAV numbers with income reinvested. There is no guarantee in respect of capital or returns in a portfolio. Prescient Management Company (RF) (Pty) Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002)

Sources will be provided upon request.

Sarasin & Partners LLP
50 George Street
London W1U 7DY

+44 (0)20 7088 7000
sarasinandpartners.com

SARASIN
& PARTNERS