

Sarasin Managed Funds

Quarterly commentary Q1 2026

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Fund Manager



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Co-Fund Manager

Quarter highlights

- Uncertainty caused by the war in Iran led to weaker performance across global stock and bond markets.
- Our holding in ASML, a major manufacturer in the microchip supply chain, delivered strong performance.
- Microsoft shares were weaker amid concerns around higher levels of spending on AI.
- We sold our holdings in the restaurant chain Chipotle and the animal health specialist Zoetis. We took a holding in BHP.
- We see a constructive longer-term backdrop for global equities given trends in positive earnings growth and remain underweight corporate bonds.

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.

Economic review

Tariff disruption and a surge in energy prices following the commencement of the war in Iran negatively affected investor sentiment during the quarter. Investors became increasingly concerned about inflation risks, which led to weaker performance across global stock and bond markets.

The US stock market lagged international peers, in a rotation where many investors switched from expensive US technology companies towards sectors of the market offering better perceived value. Japan was the strongest major equity market overall, while UK equities remained relatively resilient.

Global government bonds were volatile and generally weaker as higher energy prices caused renewed concerns over inflation. UK gilts were the weakest of the major markets, as the UK was seen as particularly exposed to an inflationary shock because of high net imports of energy. The Bank of England struck a cautious tone as a result by leaving interest rates unchanged.

In focus

Costco

Retailer Costco was a positive contributor to the fund's returns over the quarter. The company has benefitted from robust sales growth, in part due to a surge in digital sales, but also from growth in membership fees, which were underpinned by high renewal rates.

Costco continues to gain share as consumers 'trade down' towards trusted, low-price retailers, while its scale helps drive operational efficiencies.

Fund review

ASML delivered strong performance driven by record-breaking new orders revealed in the company's fourth quarter results. There was growing investor confidence in the sustainability of artificial intelligence (AI) demand. The consumer products company Colgate-Palmolive maintained its recent momentum. This was largely a result of better-than-expected results for the final quarter of 2025 and a strategy aimed at maintaining growth over the next five years.

In contrast, Microsoft shares were weaker amid concerns around higher levels of spending on AI, and the company's ongoing commitment in this area. However, we believe that Microsoft will be a long-term AI winner. Shares of ServiceNow, a software specialist, were weaker after the company announced its fourth quarter 2025 results. The weakness was despite performance that was better than expectations and the guidance for the full year 2026 being ahead of consensus.

Fund transactions

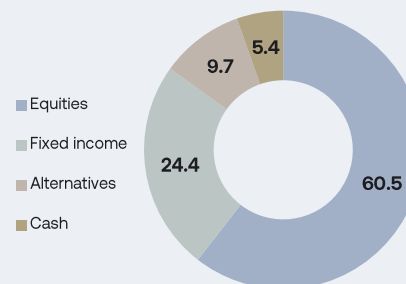
We sold our holding in the restaurant chain Chipotle. The shares benefited from a rebound in price and were trading close to our estimate of intrinsic value.

We also took a holding in BHP. The company offers high-quality exposure to copper, which we view as benefiting from demand arising from electrification, as well as tightening global supply.

We exited our position in the animal health specialist Zoetis after disappointing performance from its Librela product for dogs. Increased competition has reduced our confidence in the company's ability to deliver sustained above-market growth.

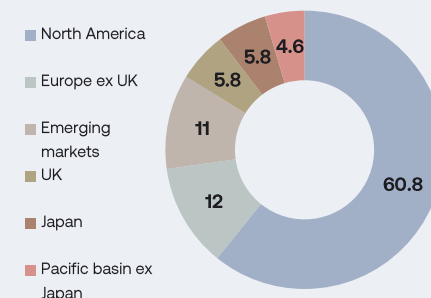
Sarasin Managed Fund example

Asset allocation (%)



Asset allocation of Sarasin Balanced Managed Fund as at 31 March 2026.
Source: Sarasin & Partners

Geographic allocation (%)



Geographic allocation of Sarasin Balanced Managed Fund as at 31 March 2026.
Source: Sarasin & Partners

Sarasin Managed Funds

Outlook

Although there are hopes of managed de-escalation of the Iran war, there is also strong possibility of a protracted, lower-intensity conflict lasting several months. Global economic growth drivers remain - however their resilience assumes some form of a phased near-term re-opening of oil and gas cargo transit through the Strait of Hormuz. Inflation is likely to increase modestly for most developed economies. Central banks have delayed interest rate cuts while the outcome remains uncertain.

Given the current backdrop in the Middle East, we initially took a neutral weighting in equities compared with our benchmark, with proceeds temporarily invested into cash. However, we have since started redeploying capital by adding progressively back to equity exposure on market weakness. We see a constructive longer-term backdrop for global equities given trends in positive earnings growth, with elevated valuations down to more acceptable levels because of the geopolitical uncertainty.

We have moved from underweight to a neutral position in UK government bonds, as yields increased to attractive levels in the period. We remain underweight corporate bonds as we believe that the asset class does not offer the prospect of attractive levels of returns or diversification compared to its history. Our stance on alternative assets is neutral. This includes gold, where we were able to lock in profits as we reduced our previously long-held overweight position.

About our Managed Funds

The Sarasin Managed Funds are four risk-rated multi-asset funds designed to grow the real value of your money over time.

Speak to your financial adviser to discuss whether our Managed Funds are right for you.

Sarasin Managed Funds – key risks

It is important that investors are aware of the various risks prior to making an investment decision. The primary risks of the funds have been outlined below. Further details of the risks that apply to the funds can be found in the Prospectus.

Cautious Managed Fund

Key risks

Bond risk: In stressed conditions bonds may become harder to sell in a timely manner, resulting in unpredictable changes in the value of your holdings.

Alternatives risk: The fund may invest in alternative assets that are difficult to sell quickly, challenging to value, and subject to higher fees. These assets may also contribute to greater price volatility compared to traditional assets such as equities, fixed income and cash. Such conditions could lead to unpredictable changes in the value of your holdings.

Investing in other collective investment schemes: The fund may invest in other regulated collective investment schemes, which may be exposed to additional layers of fees, irregular dealing points, potential duplication of investments, and possibility of lower returns due to the complex structure and management of multiple underlying funds. This may increase the risk of reduced returns and potential delays if you choose to redeem your holdings.

Exchange Traded Funds (ETFs) risk: ETFs are subject to market fluctuations and the risks of their underlying investments. They are also subject to management fees and other expenses.

Operational risk: Operational risks arising from failures or delays in processes and systems, or the failure of a third-party provider may affect the value of your investments. If compensation is required to due failures, payments may be delayed.

Counterparty and settlement risk: The fund could lose money if a counterparty with which it transacts with becomes unwilling or unable to repay money owed to the fund.

Charges deducted from capital: The fund has charges deducted from capital, which may reduce the potential for growth.

Balanced Managed Fund

Key risks

Bond risk: In stressed conditions bonds may become harder to sell in a timely manner, resulting in unpredictable changes in the value of your holdings.

Alternatives risk: The fund may invest in alternative assets that are difficult to sell quickly, challenging to value, and subject to higher fees. These assets may also contribute to greater price volatility compared to traditional assets such as equities, fixed income and cash. Such conditions could lead to unpredictable changes in the value of your holdings.

Exchange Traded Funds (ETFs) risk: ETFs are subject to market fluctuations and the risks of their underlying investments. They are also subject to management fees and other expenses.

Operational risk: Operational risks arising from failures or delays in processes and systems, or the failure of a third-party provider may affect the value of your investments. If compensation is required to due failures, payments may be delayed.

Counterparty and settlement risk: The fund could lose money if a counterparty with which it transacts with becomes unwilling or unable to repay money owed to the fund.

Charges deducted from capital: The fund has charges deducted from capital, which may reduce the potential for growth.

Growth Managed Fund

Key risks

Alternatives risk: The fund may invest in alternative assets that are difficult to sell quickly, challenging to value, and subject to higher fees. These assets may also contribute to greater price volatility compared to traditional assets such as equities, fixed income and cash. Such conditions could lead to unpredictable changes in the value of your holdings.

Exchange Traded Funds (ETFs) risk: ETFs are subject to market fluctuations and the risks of their underlying investments. They are also subject to management fees and other expenses.

Operational risk: Operational risks arising from failures or delays in processes and systems, or the failure of a third-party provider may affect the value of your investments. If compensation is required to due failures, payments may be delayed.

Counterparty and settlement risk: The fund could lose money if a counterparty with which it transacts with becomes unwilling or unable to repay money owed to the fund.

Charges deducted from capital: The fund has charges deducted from capital, which may reduce the potential for growth.

Equity Managed Fund

Key risks

Alternatives risk: The fund may invest in alternative assets that are difficult to sell quickly, challenging to value, and subject to higher fees. These assets may also contribute to greater price volatility compared to traditional assets such as equities, fixed income and cash. Such conditions could lead to unpredictable changes in the value of your holdings.

Exchange Traded Funds (ETFs) risk: ETFs are subject to market fluctuations and the risks of their underlying investments. They are also subject to management fees and other expenses.

Operational risk: Operational risks arising from failures or delays in processes and systems, or the failure of a third-party provider may affect the value of your investments. If compensation is required to due failures, payments may be delayed.

Counterparty and settlement risk: The fund could lose money if a counterparty with which it transacts with becomes unwilling or unable to repay money owed to the fund.

Charges deducted from capital: The fund has charges deducted from capital, which may reduce the potential for growth.

Sarasin Managed Funds

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Capital at risk. The investments of the Managed Funds are subject to normal market fluctuations. The value of the investments of the Managed Funds and any income derived from them can fall as well as rise and investors may not get back the amount they 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. The tax treatment depends on the individual circumstances of each client and may be subject to change in future.

The Managed Funds are managed by Sarasin Investment Funds Limited (the "Authorised Corporate Director/ACD"), which is authorised and regulated by the Financial Conduct Authority (FRN: 122244). The ACD has delegated its administration and registrar functions to Northern Trust Global Services SE, UK Branch. The ACD has appointed Sarasin & Partners LLP as the Investment Manager of the Managed Funds.

The Managed Funds may not be appropriate for investors who plan to withdraw their money within five years. Prospective investors should review the Prospectus carefully, including the section on 'Risk Factors', prior to making any final investment decisions. The Prospectus, the Key Investor Information Document for the relevant class, as well as the annual and half-yearly reports, are available in English free of charge via the relevant product pages on our website or upon request.

The Managed Funds may not be distributed to investors in jurisdictions where such distribution would be unlawful. The ACD reserves the right to reject any applications from investors outside of the jurisdictions where the Managed Funds registered for sale. US Persons are not permitted to subscribe for shares in the Managed Funds.

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