

Sarasin IE Thematic Global Real Estate Equity

Quarterly commentary Q1 2026

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Economic review

After a strong start to the year, the listed real estate sector – like equities more broadly – experienced a very challenging quarter.

The outbreak of war in Iran led to a sharp rise in bond yields, driven by concerns over higher inflation stemming from increased energy prices. As a result, the likelihood of anticipated interest-rate cuts across Europe, the UK and the US diminished, causing a significant decline in risk asset valuations.

Fund review

The fund maintains a structural overweight to Europe and Asia relative to the US, reflecting the underlying fundamentals of these property markets. For example, our overweight position in German residential real estate is supported by expectations of solid rental growth and stable yields. However, the escalation of the Iran war called the stability of yields into question, leading to notably weak performance in German residential stocks.

We also saw negative contributions from our other European overweight positions, including in the UK and the Netherlands. Interestingly, despite the geopolitical backdrop, US real estate investment trusts (REIT)s were less affected. While still negative over the month, they outperformed their European and Asian counterparts.

Amid the broader market turbulence, companies continued reporting their 2025 results and providing 2026 outlooks. Encouragingly, most updates were generally positive, although overshadowed by geopolitical developments and rising bond yields.

Fund transactions

There were no significant transactions during the quarter.

Outlook

Listed real estate equities returned to levels seen at the start of 2026, following a strong start to the year and a weak March. We maintain our view that, should the Iran conflict be resolved in the near term, the sector's outlook should improve materially after three years of valuation pressure and concerns around refinancing headwinds offsetting underlying growth.

Despite improving fundamentals, share prices remain broadly in line with early 2023 levels. Valuations continue to appear attractive, with listed real estate trading at a historical discount to the broader equity market. At the time of writing, value per share multiples are approximately 18% below their 15-year average and the discount to net asset value (NAV) is close to 30%.

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Key risks

It is important that investors are aware of the various risks prior to making an investment decision. The primary risks of the fund have been outlined below:

Concentration risk: The fund holds a small number of investments, and therefore a decline in the value of a single investment may have a greater impact than if it held a larger number of investments.

Small-cap equities risk: Shares of smaller companies can be riskier, as they may be more difficult to buy and sell, and their prices may fluctuate more than those of larger companies.

Derivatives risk: Derivatives are financial instruments whose value is linked to the expected future price movements of an underlying asset. Derivatives such as futures, forward contracts, options, and swaps may be used to seek to manage risk within the fund, reduce investment costs and generate additional income. However, these strategies may not be successful and could lead to losses greater than the cost of the derivative.

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.

Further details of the risks that apply to the fund can be found in the fund's Prospectus.

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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.

The fund is domiciled in Ireland and authorised by the Central Bank of Ireland. It is not authorised in the UK, but is recognised under the Financial Conduct Authority's Overseas Funds Regime and section 271A of the Financial Services and Markets Act 2000.

The fund is managed by Waystone Management Company (IE) Limited (the "Manager"), which is incorporated in Ireland and authorised by the Central Bank of Ireland. Northern Trust Fiduciary Services (Ireland) Limited is the appointed Trustee pursuant to the relevant Trust Deeds and is incorporated in Ireland and authorised by the Central Bank of Ireland. The Manager has appointed Sarasin & Partners LLP as the Investment Manager of the fund.

UK investors should be aware that if they invest in the fund, they will not be able to refer a complaint against the Manager or the Trustee to the UK Financial Ombudsman Service. Any claims for losses relating

to the Manager or the Trustee will not be covered by the UK Financial Services Compensation Scheme, in the event that either entity should become unable to meet its liabilities to investors. Prospective investors should consider obtaining financial advice from a professional adviser before deciding to invest.

The investment which is promoted concerns the acquisition of units in a fund, and not in a given underlying asset owned by the fund. The fund may not be appropriate for investors who plan to withdraw their money within five years. The decision to invest in the fund should take into account all the characteristics or objectives of the fund as described in the Prospectus. Information on sustainability-related aspects of the fund is available on the website. Prospective investors should review the Prospectus carefully, including the section on 'Risk Factors', prior to making any final investment decisions. The Prospectus, the KIID/KID 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 fund may not be distributed to investors in jurisdictions where such distribution would be unlawful. The Manager reserves the right to reject any applications from investors outside of the jurisdictions where the fund is registered for sale. US Persons are not permitted to subscribe for units in the fund.

The Manager reserves the right to terminate any arrangements made for marketing the fund. A summary of investor rights can be obtained [here](#) and is available in English.

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