

# Sarasin Thematic Global Equity

## Quarterly commentary Q1 2026

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### Economic review

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

Japan was the strongest major equity market, supported by yen weakness and expectations of higher government spending. Meanwhile, UK equities were relatively resilient due to a weaker sterling.

### Fund review

Lithography machine specialist ASML contributed positively to the fund's return. The firm's shares posted gains following the release of quarterly results that showed record-breaking order intake.

Costco posted solid gains as the retailer continued to demonstrate pricing power and membership growth. Its quarterly results showed resilient consumer demand despite broader economic uncertainty.

Conversely, technology conglomerate Tencent detracted from the fund's return. The firm was negatively affected by regulatory concerns and continued uncertainty regarding China's economic prospects.

Microsoft's shares sold off on concerns about the software firm's higher spending on artificial intelligence (AI). Investors were also concerned about its high exposure to research company OpenAI.

### Fund transactions

During the quarter, we started a position in industrial technology specialist Ametek. The firm provides diversified exposure to the US industrials sector and is well placed to capitalise on the country's relatively resilient growth outlook.

We also added healthcare company Amgen to the fund, which provides diversification from AI-related firms. Its status as a high-quality, cash-generative business added to its appeal.

Conversely, we exited animal health company Zoetis. The company's growth prospects appear to be limited as a result of rising competition in market segments such as dermatology and pain management.

We also removed restaurant operator Chipotle from the fund following its strong rebound. With its shares appearing to be fully valued, we chose to focus on opportunities with superior growth potential.

### Outlook

Although there are hopes of a managed de-escalation of the Iran war, there is also a strong possibility of a protracted, perhaps lower-intensity, conflict lasting several months. Global economic growth should remain resilient, assuming the beginning of some form of a phased re-opening of oil and gas cargoes 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 of the Iran war remains uncertain.

Given the current backdrop in the Middle East, we moved to a neutral weighting in equities compared with our benchmark, with some of the proceeds invested into cash temporarily.

However, we have since started drawing on our precautionary cash reserves by adding progressively to equity exposure on market weakness. We see a constructive longer-term backdrop for global equities amid signs of positive earnings growth, while valuations have come down to more acceptable levels because of the geopolitical uncertainty.

We continue to focus on high-quality companies with higher returns on equity, stable earnings growth and lower borrowings, which should offer some downside protection in case of economic headwinds. We are avoiding some areas, such as unprofitable technology, where high valuations are hard to justify.

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## Global Equity

### 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:

**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.

**Currency-hedged class risk:** Some of the share classes within the fund use currency hedging to protect against exchange rate fluctuations. However, hedging may not fully eliminate currency risk and can sometimes lead to additional costs or reduced returns.

**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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The fund is 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 fund.

The fund 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 fund 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 fund is registered for sale. US Persons are not permitted to subscribe for shares in the fund.

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