

Sarasin Global Dividend

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

Our holding in food retailer Ahold Delhaize was the largest positive contributor to performance during the month. The company reported better-than-expected results with a strong US performance. Ahold Delhaize is considered a defensive company and will generally be expected to outperform during periods of market stress and volatility.

Pharmaceutical company Takeda Pharmaceutical delivered a strong performance, driven by a re-rating of the stock rather than as a result of earnings or growth expectations moving higher.

In contrast, the share price of luxury goods company LVMH fell on disappointing quarterly results, particularly poor sales in China, and a cautious outlook due to geopolitical and economic uncertainties. Shares in testing, inspection and certification specialist Intertek Group also fell. Despite releasing positive financial results, the company's growth forecasts were disappointing.

Fund transactions

We brought Broadcom back into the fund as the momentum in revenues and earnings is proving to be much greater and more resilient than we had anticipated. Broadcom offers a combination of strong, recurring cash flows from semiconductor and infrastructure software businesses, leveraged to structural growth in AI and data centres, alongside disciplined capital allocation and shareholder returns.

We initiated a position in Duke Energy, which offers exposure to the substantial electrical infrastructure build-out underway in the US. We see significant upside to our target price, supported by a long runway of regulated capital deployment and improving earnings visibility.

We reduced our holding in Colgate-Palmolive following its strong performance. The valuation is relatively full and the portfolio has a large overweight to the consumer staples sector.

We reduced our holding in professional services firm Marsh McLennan as concerns have grown about the potential for AI-driven disruption in its consultancy business. While we continue to hold the stock, we felt the position size was too large given the current uncertainty around how this part of the business may evolve in an increasingly AI-enabled environment.

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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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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Important information

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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 Sarasin Global Dividend Fund is registered and approved under section 65 of the Collective Investment Schemes Control Act 45 of 2002.

Collective investment schemes are generally medium to long-term investments. The value of participatory interests units or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request from Prescient Management Company (RF) (PTY) LTD ("SA Representative") and/or Sarasin & Partners LLP ("the Investment Manager").

Prescient Management Company (RF) (PTY) LTD is registered and approved under the Collective Investment Schemes Control Act 45 of 2002. Registration Number 2002/022560/07. Registered office: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945, South Africa.

Performance has been calculated using net NAV to NAV numbers with income reinvested. The Investment Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Investment Manager reserves the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.

Where foreign securities are included in a portfolio there may be material risks such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information.

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, the Minimum Disclosure Document & General Investor Report, as well as the annual and half-yearly reports, are available from the SA Representative and/or the Investment Manager on request.

The fund may not be distributed to investors in jurisdictions where such distribution would be unlawful. The Investment Manager reserves the right to reject any applications from outside of the jurisdictions where the fund is registered for sale. US Persons are not permitted to subscribe for shares in the Sarasin Global Dividend Fund.

Fund prices are published daily and are available on our website. These are also available upon request.

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