SARASIN FUND OF FUNDS GLOBAL EQUITY

SARASIN & PARTNERS

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ECONOMIC AND FUND REVIEW

As we digest the first quarter of 2021, it is clear that a strong, vaccine-driven recovery is now unfolding around the world. It is US-led but global in scale, synchronised across regions and fuelled by generous monetary and fiscal policies. Thanks to vaccination progress the US and UK have targeted full reopening on 4 July and 21 June respectively. However, where vaccine progress has been weaker, we are seeing further lockdowns imposed, Europe in particular. The improving outlook continues to be well received by equity markets, with the S&P reaching its highest level in history. And with macroeconomic data all pointing towards a synchronised cyclical recovery, underpinned by substantial fiscal packages, inflation expectations have risen seeing bond yields rise and negative returns in fixed income. Gold also continued to retrace.

Within the portfolio, Dodge & Cox US made a strong relative contribution and the fund benefitted from its exposure to the S&P 500 index.

By contrast, Edgewood Select US Select Growth, T Rowe Price Japan and Fidelity European, all weighed on performance.

Please note, following approval by shareholders at an Extraordinary General Meeting held on 26 February 2021, Sarasin Fund of Funds – Global Equity was merged into Sarasin Thematic Global Equity on 9 April 2021.

OUTLOOK

An improving infection outlook and mass vaccination rollouts mean that hopes of returning to normal are moving towards reality. And while this is undeniably positive news, the challenge of deploying the vaccine globally and for economies and societies to reopen fully, remains significant.

To revive economies, policy makers continue to draw on their playbook from the 2008 Financial Crisis but with greater urgency and scale. Central banks globally have shifted towards a more dovish monetary policy, potentially seeing lower rates for longer and a willingness to sustain higher inflation. Trillions in fiscal stimulus has also been pledged, targeting societal inequality with 'levelling up' policies, and industry stimulus such as Biden's proposed infrastructure package and the UK's 'Green Budget'. Crucially, governments' mentality towards debt has shifted, meaning we're unlikely to see a return to the austerity that followed the 2008 crisis.

Over the long-term, we expect trends that the pandemic accelerated, such as e-commerce and working from home, are here to stay. Further opportunities will be driven by the shift to a more digital world, automation, climate change mitigation and adaptation, demographic trends and by shifts in consumption patterns in both the emerging and the developed markets.

Beyond the pandemic, there are other challenges we are monitoring closely. Rising inequality is our greatest worry and the consequences of the virus disproportionately affecting lower skilled, lower income populations. Global supply chains are also being tested, already fragile and now facing pressure from accelerating global demand, reshoring production and strategic supply nationalism.

Despite the challenges ahead, we remain positive on the prospects for a cyclical economic recovery in 2021 supported by international vaccination efforts. Ultimately, this combined with continued support from central banks should lead to an attractive environment for risk assets.

IMPORTANT INFORMATION

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There is no minimum investment period, though we would recommend that you view your investment as a medium to long term one (i.e. 5 to 10 years). The investments of the fund are subject to normal market fluctuations. **The value of the investments of the fund and the income 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 guide to future returns and may not be repeated.**

Frequent political and social unrest in Emerging Markets, and the high inflation and interest rates this tends to encourage, may lead to sharp swings in foreign currency markets and stock markets. There is also an inherent risk in the smaller size of many Emerging Markets, especially since this means restricted liquidity. Further risks to bear in mind are restrictions on foreigners making currency transactions or investments.

For efficient portfolio management the Fund may invest in derivatives. The value of these investments may fluctuate significantly, but the overall intention of the use of derivative techniques is to reduce volatility of returns. The Fund may also invest in derivatives for investment purposes.

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