SARASIN

GLOBAL DIVIDEND

SARASIN & PARTNERS

This document is intended for retail investors. You should not act or rely on this document but should contact your professional adviser.

ECONOMIC REVIEW

It was a challenging quarter for global equities. The US market experienced its worst quarterly performance since the Covid-19 pandemic. There were significant shifts in sentiment amid US tariffs and heightened stagflation fears – growth stocks such as the 'Magnificent 7' underperformed significantly. Inflation concerns resurfaced in the US and the Federal Reserve held interest rates steady, anticipating a slower pace of rate cuts.

In contrast, European markets delivered strong returns, achieving the largest quarterly outperformance relative to the US S&P 500 Index in a decade. This was largely driven by a major fiscal policy pivot on the continent, particularly in Germany, where proposals to loosen the 'debt brake' in favour of increased defence and infrastructure spending lifted investor sentiment.

FUND REVIEW

The fund benefited from not holding shares in Tesla or Amazon (significant weightings in its benchmark) as their share prices fell. An underweight position in graphics processing unit (GPU) supplier Nvidia was also beneficial as its share price fell on concerns about the impact of trade tariffs on the company's supply chain.

The share price of tyre manufacture Bridgestone rose as the firm reported positive financial results and announced a share buyback scheme.

In contrast, our holding in the US industrial automation company Emerson was the largest detractor from performance. The firm's share price dropped on concerns that trade tariffs could disrupt supply chains and negatively impact its operations.

Blackrock, the US investment manager, fell as asset prices globally came under pressure which in turn reduces their assets under management which hinders fee generation.

FUND TRANSACTIONS

We increased our position in Microsoft, which has been a relative laggard. We funded this by trimming our position in technology company Meta after significant gains and an expansion of its position size in the portfolio.

We switched out of our position in investment bank J.P. Morgan in favour of Morgan Stanley. This was a view on valuation; J.P. Morgan looked expensive and the dividend yield had reduced. Morgan Stanley, another investment bank, looked more compelling on a relative valuation basis and had a better dividend yield.

We sold our holding in Terna, which manages Italy's electricity transmission grid, due to increasing concerns over rising capital expenditure to fund renewable infrastructure. This is increasing the company's borrowings and may result in an unexpected issue of new shares to raise funds.

OUTLOOK

Global corporate earnings growth appears to be slowing. In Q1, equity markets in Europe and China benefited from the uncertainty caused by Donald Trump's trade policies, with investors looking to diversify at the expense of US markets. Core US inflation remains sticky, and with business and consumer confidence weakening, Make America Great Again policies could lead the US into a recession later in 2025. Global trade relations and regulations are likely to come under greater scrutiny.

We are keeping a close eye on a White House that is acting more aggressively and decisively than during Trump's first term. We will continue to focus on high-quality companies with sensible balance sheets that are regular dividend payers, which should give some downside protection in volatile markets.

SARASIN
& PARTNERS

IMPORTANT INFORMATION

This document is intended for retail investors. You should not act or rely on this document but should contact your professional adviser.

This document has been issued by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England and Wales with registered number OC329859, and which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111.

This document has been prepared for marketing and information purposes only and is not a solicitation, or an offer to buy or sell any security. The information on which the material is based has been obtained in good faith, from sources that we believe to be reliable, but we have not independently verified such information and we make no representation or warranty, express or implied, as to its accuracy. All expressions of opinion are subject to change without notice.

This document should not be relied on for accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on the views and information in this material when taking individual investment and/or strategic decisions.

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.

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).

Risks associated with investing in Real Estate Investment Trusts (REITs) include, but are not limited to, the following: declines in the value of real estate, risks related to general and local economic conditions, overbidding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighbourhood values, the appeal of properties to tenants, and increases in interest rates. In addition, REITs may be affected by changes in the value of the underlying property owned by the trusts or may be affected by the quality of credit extended. REITs are dependent upon management skills, may not be diversified and are subject to the risks of financing projects. The ability to trade REITs in the secondary market can be more limited than other stocks.

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 consider are restrictions on foreigners making currency transactions or investments.

The Fund may invest in derivatives for efficient portfolio management purposes. This means Derivatives can only be used to manage the Fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income, although this may not be achieved and may create losses greater than the cost of the derivative.

SARASIN & PARTNERS LLP

Juxon House, 100 St. Paul's Churchyard
London EC4M 8BU

T +44 (0)20 7038 7037
www.sarasinandpartners.com

This document does not explain all the risks involved in investing in the Fund and therefore you should ensure that you read the Prospectus and the Key Investor Information Document, which contain further information including the applicable risk warnings. The Prospectus, the Key Investor Information document as well as the annual and semi-annual reports of the Fund are available free of charge from www.sarasinandpartners.com or from Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, Telephone +44 (0)20 7038 7000 (telephone calls may be recorded).

Persons domiciled in the US and/or are US nationals are not permitted to hold shares in the Fund and shares may not be publicly sold, offered or issued to anyone residing in the US or to US nationals. This publication is intended for retail investors in the UK only.

Neither Sarasin & Partners LLP nor any other member of the J. Safra Sarasin Holding Ltd group accepts any liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The use of this document should not be regarded as a substitute for the exercise by the recipient of their own judgement. Sarasin & Partners LLP and/or any person connected with it may act upon or make use of the material referred to herein and/or any of the information upon which it is based, prior to publication of this document.

Where the data in this document comes partially from third-party sources the accuracy, completeness or correctness of the information contained in this publication is not guaranteed, and third-party data is provided without any warranties of any kind. Sarasin & Partners LLP shall have no liability in connection with third-party data.

SARASIN & PARTNERS LLP

Juxon House, 100 St. Paul's Churchyard
London EC4M 8BU

T +44 (0)20 7038 7037
www.sarasinandpartners.com