SARASIN THEMATIC GLOBAL EQUITY

QUARTERLY COMMENTARY Q4 2025

SARASIN & PARTNERS

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ECONOMIC REVIEW

In the US, the Federal Reserve continued to cut interest rates during the final quarter of the year. This boosted investor sentiment towards the country's stock market. Technology stocks, notably those exposed to artificial intelligence (AI) and cloud computing, were among the top performers.

In Japan, the announcement of an economic stimulus package prompted improved investor sentiment towards the country's stock market. Elsewhere, emerging markets posted strong gains that were supported by robust profit growth.

FUND REVIEW

Alphabet contributed to the fund's return. The parent company of Google released quarterly results that were ahead of investor expectations. It also reported a strong rise in the adoption of its AI services, which further boosted market sentiment towards its shares.

Discount retailer Ross Stores also made gains during the quarter. The company's quarterly results beat investor forecasts, with the firm recording growth across all of its merchandise categories. The results further confirmed that the company is successfully delivering on its store expansion strategy, with 80 new stores opened during the year.

Conversely, Netflix detracted from the fund's performance. The media company's quarterly results were negatively impacted by a one-off, unanticipated tax charge in Brazil. Investor sentiment was also weighed down by uncertainty surrounding the proposed acquisition of Warner Bros. Discovery. This would represent Netflix's first major acquisition and is likely to attract heightened regulatory scrutiny.

Shares in global consumer goods firm Kimberly-Clark declined following the announcement of its acquisition of Kenvue. The transaction marks a departure from the company's previous strategy of exiting underperforming businesses and returning excess capital to shareholders through buybacks.

FUND TRANSACTIONS

We initiated a position in global asset manager BlackRock. Its shares were trading at a discounted price as a result of negative updates, such as elevated cryptocurrency flows from its funds. We view such concerns as being only temporary in nature.

We added a new position in banking group BNP Paribas. Management has taken decisive steps to address longstanding concerns surrounding its financial position. The group is also progressing with the disposal of non-core assets.

We exited our position in luxury automotive company Ferrari following the release of disappointing profit guidance. The release raised concerns around the durability of the company's competitive position, which was a key pillar of our original investment thesis.

OUTLOOK

Competing global powers, a likely increase in defence spending, and new trade tariffs could make 2026 a year of political, economic and technological fragmentation. Innovation-led economies should continue to benefit from investment in AI and data centres. Inflation that is only modestly above target levels in developed countries, and US midterm elections in November, should provide a supportive backdrop for equity market growth.

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 difficult 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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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 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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