

SARASIN
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Six Minute Strategy

The shock that isn't breaking markets

April 2026

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2025-2026: Equity performance

Equity recovery continues while volatility remains surprisingly low

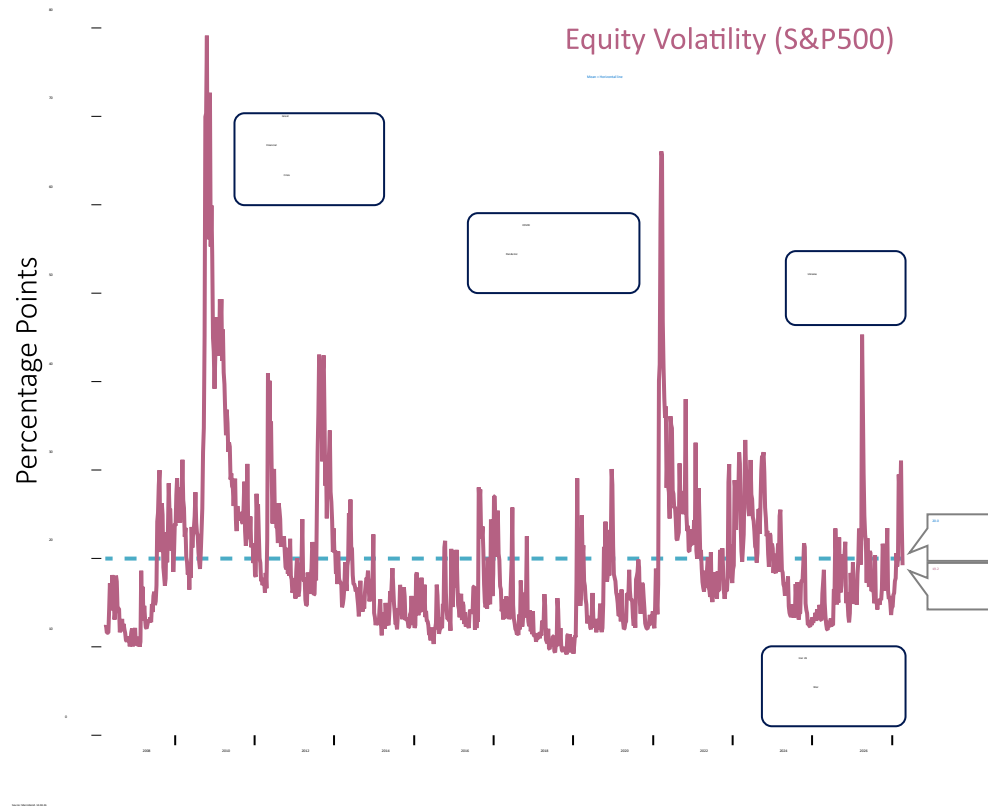
 Quality and consistent dividend flows not rewarded in 2025

 Equity volatility drops below 20 year average

MSCI World indices GBP (ACWI) rebased at 100



Equity Market Volatility



Source: Macrobond, 14.04.26

*MSCI World Equity Dividend Masters are 'developed-market' companies that have increased their dividends every year for at least 10 consecutive years.
Past performance is not a reliable indicator of future results and may not be repeated.

Iran war – our core scenarios

Muddle through protracted lower-intensity Conflict (80% probability)

Brent \$90–115 | duration 4–5 months

- Air campaign degrades but does not eliminate Iranian military capability over 4–6 weeks
- Diplomacy fails to bring quick peace; prolonged negotiations to bridge the gap
- Strait partially/selectively closed (US naval blockade)
- Brent at \$80/barrel by end-2026
- Insurers tentative to restore transit cover; limited mine clearance required and energy production reboot lags

Severe escalation (20% probability)

Brent \$120–200 | duration 3–6+ months

- Destruction of region-wide energy infrastructure
- or
- Strait closed due to extensive mining/military activity
- or
- Energy bypasses through the Red Sea (Houthis) and pipelines meaningfully disrupted
- Longer-term risk premia in energy markets (Brent at \$120/barrel by end-2026)

Source: Sarasin & Partners, April 2026

1. Major oil supply disruptions

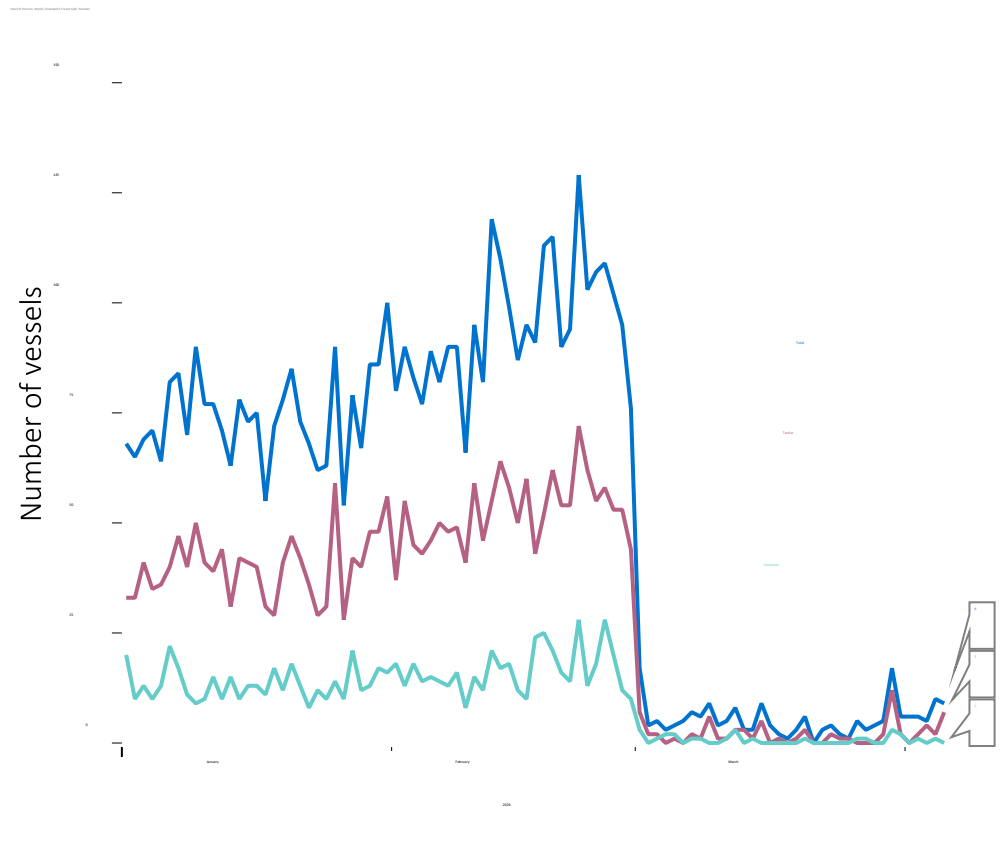
Current 15-20mbd loss of oil supply today is the largest in history

Event	Supply lost	Global market share
1973 Oil Embargo	4-5 mb/d	~7%
1978 Iranian Revolution	5-6 mb/d	~10%
1980-88 Iraq War	4 mb/d	~7%
1990 Gulf War	4.3 mb/d	~6%
2010 Arab Spring/ Libyan Civil War	1.5 mb/d	~2%
2022 Russian Invasion of Ukraine	2-3 mb/d disrupted	~3%
2026 Hormuz closure	15-20mbd* at risk	15-20%

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Strait of Hormuz still effectively closed



Source: IEA, Chat GPT and Sarasin & Partners, 16.03.26

* IEA distinguishes between flows at risk (15-20mb/d) and net lost supply (8mbp/d)

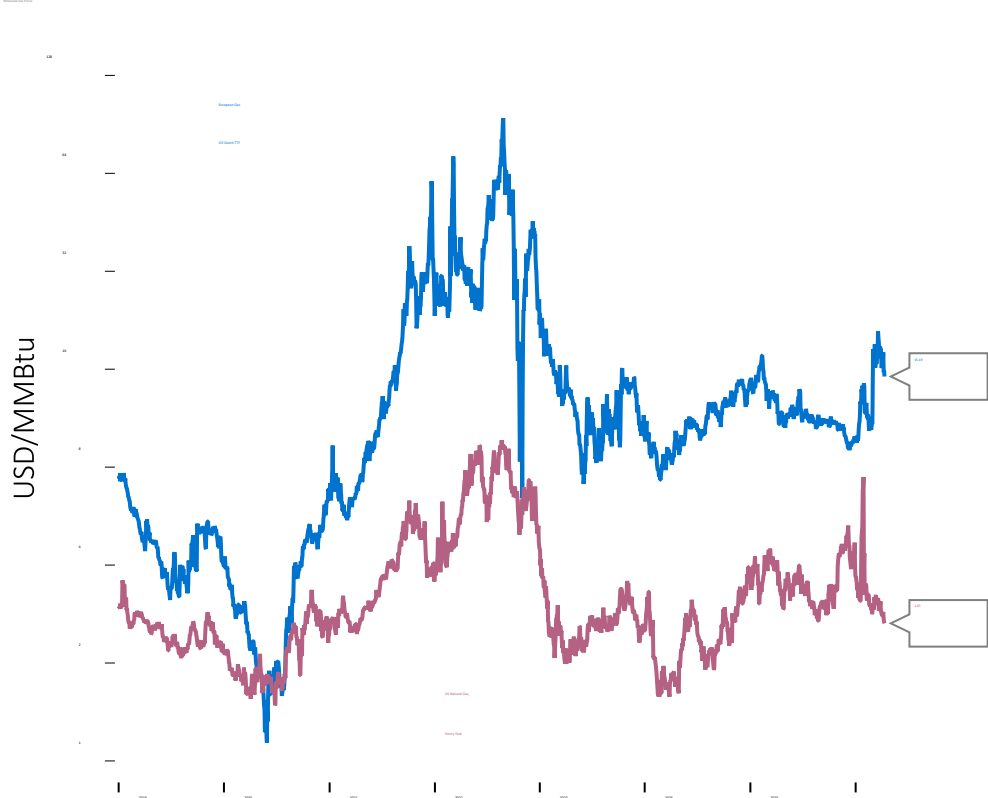
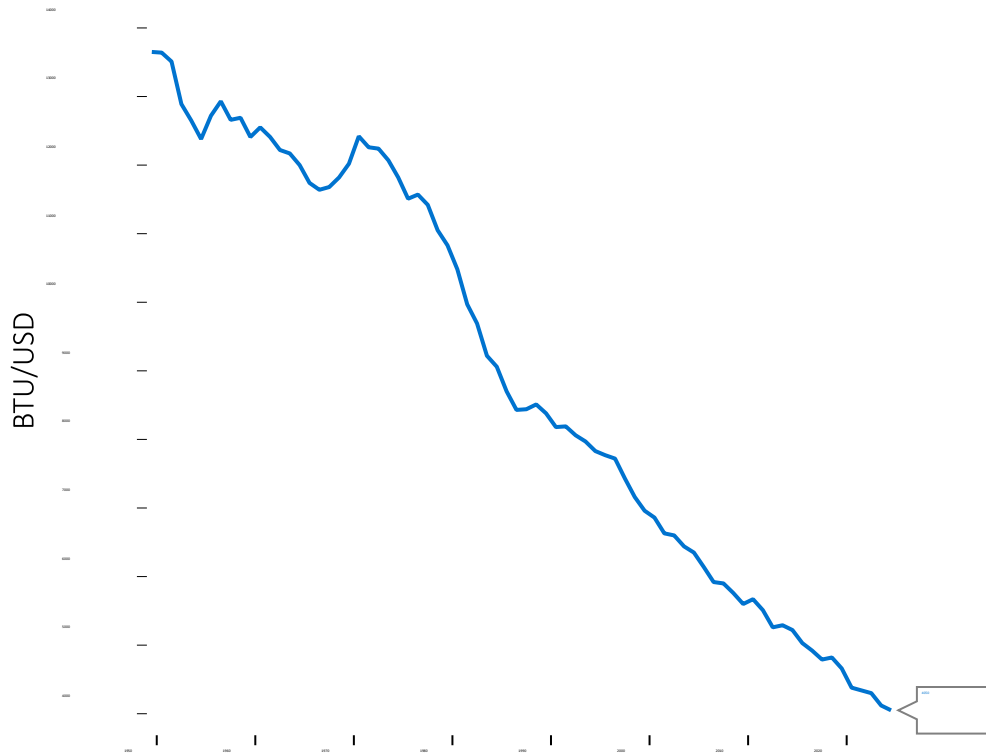
2. US energy intensity and US-EU gas prices

EU gas prices remain a multiple of US – supported by foreign dependence and liquification costs

 US energy intensity has steadily fallen

 Domestic abundance sees US gas prices fall/EU rise

Energy Consumption per dollar of US GDP



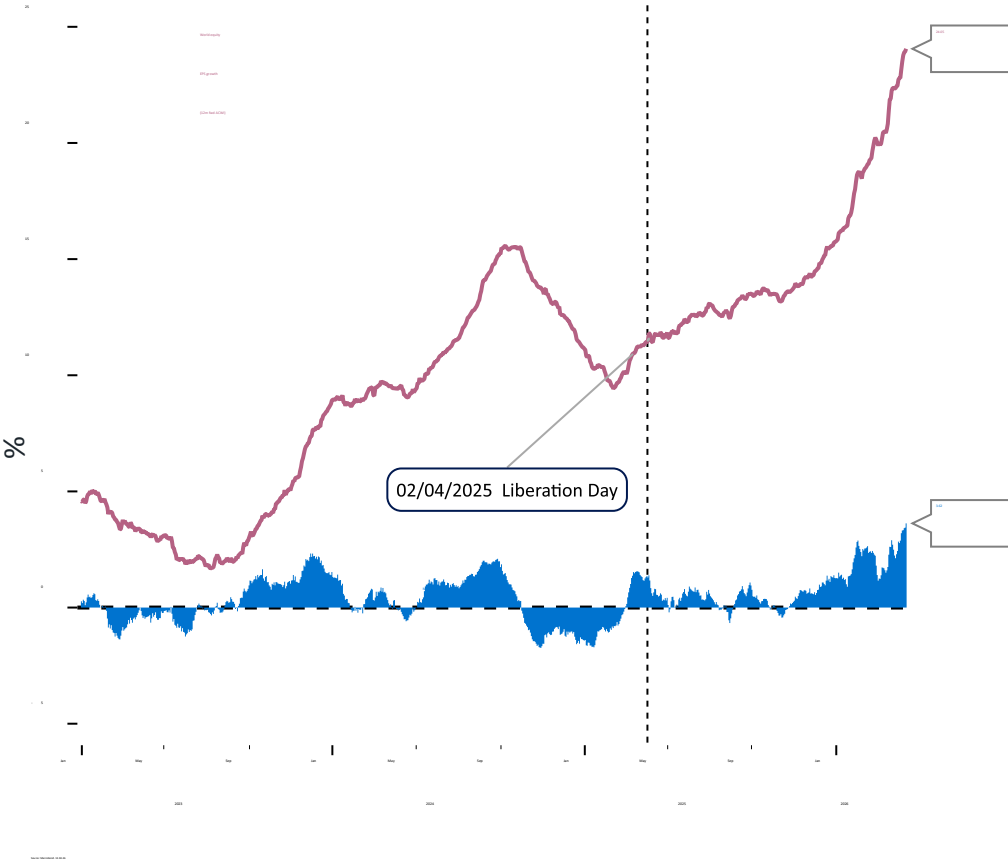
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3. Robust global earnings growth still supports equities

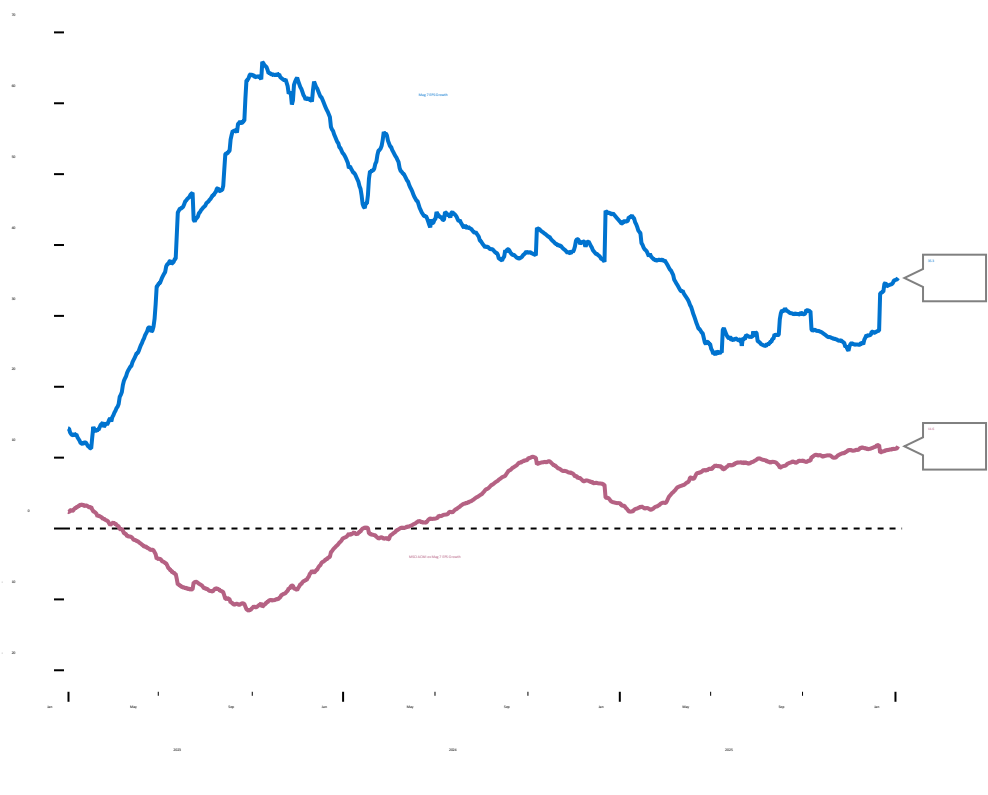
Earnings estimates for a year ahead have actually climbed through the Iran War

 Global earnings projections grow despite the US-Iran War

 Hyperscalers expect U\$650bn CAPEX in 2026



Bloomberg forecast earnings growth



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*Hyperscalers: Amazon, Meta, Microsoft. Alphabet, Oracle

Macro base case: April 2026

Macro view

- Base scenario is for acute phase of war to end by mid-April, with ongoing disruption to the Strait of Hormuz and other energy infrastructure for a further 6 weeks. Brent Crude to average about \$100 during the 3 months, with a residual risk premia leaving Brent at \$80/barrel at the end of 2026
- Inflation to average 3%-3.5% for 2026 for most developed economies
- Negative impact on global growth; the US least impacted. Policy is not likely to meaningfully offset the growth shock
- Financial conditions tighten; rate cuts delayed

Risks

- Severe energy disruption that leads to recession in energy-importing countries
- AI returns prove elusive – earnings shock across global markets
- Liquidity/private credit squeeze – similar to strains in financial markets in 2015

Source: Sarasin & Partners, March 2026

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