SARASIN IE GLOBAL EQUITY OPPORTUNITIES

SARASIN & PARTNERS

This document is for investment professionals based in South Africa only

ECONOMIC AND FUND REVIEW

Markets breathed a sigh of relief in November, as positive results from three vaccine trials, pointed towards fully reopening economies. This overshadowed the worsening picture of rising daily new cases, with much of Europe and the US tightening restrictions. Joe Biden's victory over Donald Trump in the US election was also well received. But with republicans likely to maintain control of the senate, Biden's powers to raise taxes will be limited, as will the potential for a large fiscal stimulus package. Against this backdrop world equity markets reached new highs, with the sectors hardest hit by coronavirus, rebounding strongly. Oil was also up markedly on the reassessment of growth rates, while safe haven assets such bonds and gold retreated.

This reversal meant financials and consumer discretionary (think retail and leisure) were among the key contributors this month - boosted by the prospect of economies reopening and that the worst has already been accounted for. Travel exposed companies Samsonite, Marriott and Airbus were notable contributors, as were global caterer, Aramark and commercial kitchen equipment provider - Middleby. The common theme among them - lockdowns disrupted trading but a vaccine materially changes the outlook. Aside from the vaccine reversal, Zebra Technologies (whose products and technology allow the digital tracking of goods and inventory) reported a positive Q3, underpinned by the continued demand to automate workflows.

The other side of the reversal meant the more defensive sectors, such as consumer staples, and those that had benefitted from the 'stay at home' trend, dragged on performance. Home Depot, suppliers to the lockdown DIY boom, suffered despite a stellar set of quarterly results. In a similar vein, cycling specialist, Shimano, also detracted.

During the month we added Alstom, manufacturer of a range of rail and bus solutions. We think the company is well positioned for the increase in green infrastructure spending and the focus on a sustainable transport industry. We exited our positions in Facebook and Novozymes.

OUTLOOK

With many countries still grappling with the pandemic and some regions returning to lockdowns, economic and market conditions will not return to how they were before. In the immediate term, international trade flows and supply chains will have been permanently disrupted in places; balance sheets will be damaged, requiring gradual repair or rights issues; many dividends will be cut and share buybacks will be reduced.

In the longer term, technology disruption will accelerate; consumer attitudes will be very cautious; collectively, governments will be less able to stimulate recovery than after the financial crisis; weaker economic growth will leave some companies struggling to grow sales and profits; investors will be more aware, and cautious, of social and environmental 'negative externalities' and poor corporate governance; affected shares will trade on lower valuation multiples.

For all these reasons, it is a time to remain vigilant and not to be complacent. Our focus will be on investments that can generate secure and growing cashflows over the long-term. It is the nature of companies to adapt and find ways of solving problems profitably and whilst not all will thrive, our conversations with different management teams recently bolster our confidence in the longer-term future of most that we own.

Numerous opportunities will be driven by the shift to a more digital world, in new automation, climate change mitigation and adaptation, demographic trends and by shifts in consumption patterns in both the emerging and the developed markets. These themes can surpass the broad measures of GDP growth and the challenges triggered by the coronavirus. We are re-examining every sub-theme and there may be some changes of emphasis, but the high-level themes will continue to provide a strong underlying investment framework, providing us with the reassurance that the majority of companies in the portfolio have good prospects beyond the current crisis.

Malcolm Hoare
Sales Consultant
T: +44 (0)20 7038 7000
E: malcolm.hoare@sarasin.co.uk

Caroline Bond
Distribution Support Manager
T: +44 (0)20 7038 7037
E: caroline.bond@sarasin.co.uk

SARASIN
& PARTNERS

IMPORTANT INFORMATION

This document is for investment professionals only and should not be relied upon by private investors.

This promotion has been approved by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England & Wales with registered number OC329859 which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111 and passported under MiFID to provide investment services in the Republic of Ireland.

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.**

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). 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.

All details in this document are provided for marketing and information purposes only and should not be misinterpreted as investment advice or taxation advice. This document is not an offer or recommendation to buy or sell shares in the fund. You should not act or rely on this document but should seek independent advice and verification in relation to its contents. Neither Sarasin & Partners LLP nor any other member of the Bank J. Safra Sarasin 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 views expressed in this document are those of Sarasin & Partners LLP and these are subject to change without notice.

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 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, Telefax +44 (0)20 7038 6850. Telephone calls may be recorded.

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.

Collective Investment Schemes are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Collective Investment Schemes are traded at ruling prices and can engage in borrowing and script lending. A schedule of fees and charges and maximum commissions is available on request from the scheme. Commission and incentives may be paid and if so, would be included in the overall costs. Daily forward pricing is used. A prospectus is available from Prescient Management Company Limited, Tel: +27 21 700 3600.

Persons who are domiciled in the USA 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 USA or to US nationals. This publication is intended for investors in the United Kingdom and Republic of Ireland.

SARASIN & PARTNERS LLP

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

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