Sarasin

Global Snapshot Monthly

April 2010

Sustainable Swiss Private Banking since 1841.

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Investors should secure profits

Most investors have made a tidy profit from the spectacular stock market rally recorded over the past 12 months. Since there are increasing signs that the economic cycle peaked in Q1 2010, the time has come to take profits and significantly reduce risk positions. In our stock selection, we favour defensive regions and sectors, with an emphasis on equities with above-average growth rates and high dividend yields. Commodity assets should stand out favourably in Q2 2010 since they are expected to profit strongly from the rising level of real demand.

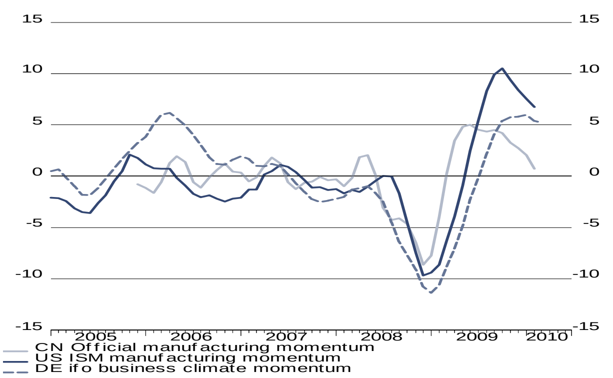
Review Q1 2010: Rally shows signs of flagging

The equity markets extended the rally, which began in March 2009, in Q1 2010. Nonetheless, several markets show the first signs of running out of steam. In Asia, the start of monetary policy tightening in China and India led to setbacks, whereas high budget deficits were the primary concern in Europe. Euroland equities performed poorly, especially on the euro zone's periphery, and the euro tumbled due to Greece's debt problems. Despite everything, most stock markets scaled new cyclical highs in Q1 2010.

Macro outlook: Cycle peaked in Q1 2010

Growth in the global economy should accelerate one more time in Q1 2010. There are signs that the inventory cycle, which already made a sizeable contribution to growth in Q4 (3.8 percentage points in the USA), could also inject significant momentum into the Q1 figures. Although inventory levels are no longer excessively high in relation to sales, a powerful counter-reaction normally occurs after destocking, which should help to support growth further in the interim.

Momentum of various business climate indices



Source: Datastream, Momentum = 3M average - 12M average

But at the same time, there are increasing signs that Q1 2010 marks the peak in the cyclical inventory upswing. The purchasing manager indices in China and Japan, which led the recovery in the current cycle, already reached their cyclical high in Q4 2009. Based on our research, the US Purchasing Managers' Index reached its peak in Q1 2010. Although initial evidence was already apparent in Q1 2010, which suggested several European sentiment indicators were also struggling to extend their gains, we think the European economy will peak with the usual time lag in Q2 2010.

Equity strategy: Headwind for equities increases

The equity markets also profited in Q1 from another improvement in the fundamental data 2010 and scaled new cyclical highs. But since global leading indicators have already peaked, the headwind for equities will increase substantially from Q2 2010. The expected slowdown in growth should lead to a rising risk premium for equity investments. The Euroland emerged as the biggest concern for the financial markets in Q1 2010. The outlook for Euroland equities has deteriorated noticeably as a result of the downgraded growth and earnings estimates. Within Europe, we favour the defensive markets of Switzerland and the UK. The UK equity market should continue to profit from the weakness of pound sterling and put in a relatively good performance. We remain cautious toward the emerging markets and Japan, which is likely to suffer the most from the impending slowdown in growth. We emphasize the defensive sectors in our sector allocation for Q2 2010. There are many stocks in these sectors with stable growth prospects and high dividend yields that could also post a positive development during a period of slightly slacker growth rates.

Bond strategy: No key interest rate hikes in 2010

The debate on Greece dominated the bond markets in Q1 2010. The emerging slowdown in global economic growth should move centre stage as of Q2 2010. Due to the uncertain economic outlook, we expect the central banks to forego key interest rate hikes until 2011. Slacker growth rates and a low interest rate policy are likely to lead to a decline in bond yields until Q1 2011. We focus on high-quality corporate bonds, which should continue to profit from a decline in credit spreads.

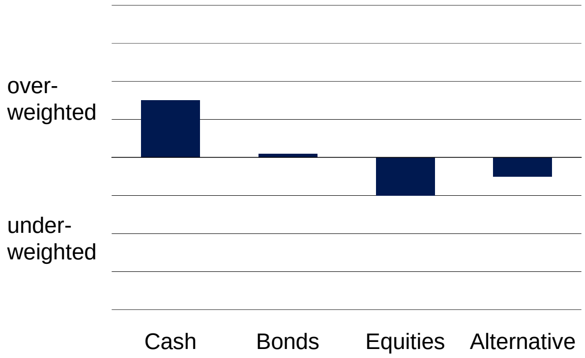
Currencies: Euro's weakness is likely to persist in the medium term

Although the euro faces its biggest challenge to date, fears of a euro collapse are seriously exaggerated. That said, the euro will probably stage a temporary recovery at most and continue to trend weakly in the medium term. The expectation of high key interest rates in the USA should help to inject extra momentum into the dollar's performance. Fears of a recession will feed demand for safe-haven currencies in H2 2010. We expect the Swiss National Bank (SNB) will continue to threaten to intervene in the currency market in 2010. However, the SNB may tolerate a steady slide in the EUR/CHF exchange rate.

Alternative assets: Favour commodity assets

The surprisingly strong growth in the emerging market countries is expected to underpin commodity prices further in Q2. Demand for raw materials will not soften that quickly, despite China and India's tighter monetary policy. We favour industrial metals over precious metals and energy commodities. Most real estate markets have stabilised over the last few quarters, but real estate shares, which have benefited from the decline in risk aversion, are likely to be severely affected by any setback on the equity markets.

Asset allocation for Q2 2010: Underweight equities



Source: Sarasin

Asset allocation: Clear reduction of risks

After we reduced our equity weighting slightly in December 2009 and then again in March 2010, we have decided at the beginning of Q2 2010 to switch our equities position from overweight to underweight. With the peak in the cycle now behind us, positive surprises should soon fizzle out and there is a much higher risk of a significant setback on the equity markets. The impending slowdown in economic growth in H2 2010 should stimulate bonds in the near future, whereby we favour high-quality corporate bonds over government bonds. Within our alternative assets universe, commodity investments show more potential than real estate assets, which we have downgraded to underweight.

Philipp E. Bärtschi, CFA

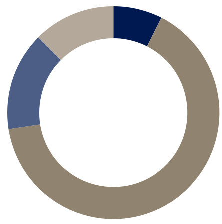
Attractiveness of different asset classes

	Asset class	Switzerland	Euroland	UK	USA	Japan	Emerging
Money market	+						
Currencies		=	=	=	=	=	=
Equities	-	+	=	+	=	-	-
Bonds	=	-	-	+	+	=	=
		Total return		Real estate		Commodities	
Alternative assets	-	-		-		+	

Source: Sarasin

Asset Allocation <defensive>

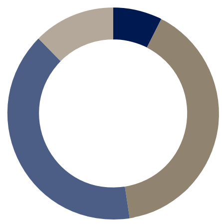
Asset Class	CHF	EUR	USD	GBP
Cash	**7.5**	**7.5**	**7.5**	**7.5**
Bonds	**65.0**	**65.0**	**65.0**	**65.0**
Home	50.0	65.0	65.0	65.0
World	15.0	0.0	0.0	0.0
Equities	**15.0**	**15.0**	**15.0**	**15.0**
Home	10.0	10.0	7.5	10.0
World	5.0	5.0	7.5	5.0
Developed Markets	3.5	3.5	6.0	3.5
Emerging Markets	1.5	1.5	1.5	1.5
Alternative Assets	**12.5**	**12.5**	**12.5**	**12.5**
Return of SAA (1985-2009)	5.4%	7.5%	8.3%	8.6%
Risk of SAA (1985-2009)	4.5%	4.6%	4.7%	5.1%



	TAA	SAA
Cash	7.5	0.0
Bonds	65.0	65.0
Equities	15.0	20.0
Alternative	12.5	15.0

Asset Allocation <balanced>

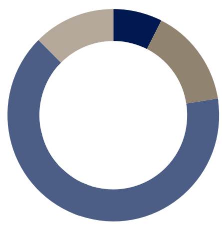
Asset Class	CHF	EUR	USD	GBP
Cash	**7.5**	**7.5**	**7.5**	**7.5**
Bonds	**40.0**	**40.0**	**40.0**	**40.0**
Home	27.5	40.0	40.0	40.0
World	12.5	0.0	0.0	0.0
Equities	**40.0**	**40.0**	**40.0**	**40.0**
Home	22.5	22.5	20.0	22.5
World	17.5	17.5	20.0	17.5
Developed Markets	13.0	13.0	15.5	13.0
Emerging Markets	4.5	4.5	4.5	4.5
Alternative Assets	**12.5**	**12.5**	**12.5**	**12.5**
Return of SAA (1985-2009)	6.6%	8.0%	9.1%	9.0%
Risk of SAA (1985-2009)	8.5%	8.5%	7.9%	8.3%



	TAA	SAA
Cash	7.5	0.0
Bonds	40.0	40.0
Equities	40.0	45.0
Alternative	12.5	15.0

Asset Allocation <dynamic>

Asset Class	CHF	EUR	USD	GBP
Cash	**7.5**	**7.5**	**7.5**	**7.5**
Bonds	**15.0**	**15.0**	**15.0**	**15.0**
Home	10.0	15.0	15.0	15.0
World	5.0	0.0	0.0	0.0
Equities	**65.0**	**65.0**	**65.0**	**65.0**
Home	35.0	35.0	32.5	35.0
World	30.0	30.0	32.5	30.0
Developed Markets	23.0	23.0	25.5	23.0
Emerging Markets	7.0	7.0	7.0	7.0
Alternative Assets	**12.5**	**12.5**	**12.5**	**12.5**
Return of SAA (1985-2009)	7.6%	8.2%	9.6%	9.2%
Risk of SAA (1985-2009)	12.9%	12.9%	11.8%	12.0%



	TAA	SAA
Cash	7.5	0.0
Bonds	15.0	15.0
Equities	65.0	70.0
Alternative	12.5	15.0

TAA = Tactical Asset Allocation; short term strategy based on return/risk expectations
SAA = Strategic Asset Allocation; long term strategy based on investment profiles

Novartis

Pharmaceuticals, Biotech & Life Sciences

Novartis has one of the broadest and most attractive product pipelines compared to other global pharmaceutical companies. New products and its diversification into different segments of the healthcare market, where revenues are less volatile, should offset the challenge of patent expiries over the next three years. Now that it has clarified its tactic to gain full ownership of Alcon, together with the numerous price-relevant events expected in 2010, we expect the Novartis share will continue to perform well.

Adding another step of diversification

Novartis is a pharmaceuticals company that has focused consistently on the healthcare market in recent years. However, the company also started to diversify within the healthcare market ahead of most of its competitors, which means it now also has strong market positions in generic drugs (Sandoz business area), over-the-counter drugs and vaccines. The acquisition of Alcon is a logical next step in this strategy. Novartis plans to conclude the transaction with the acquisition of the publicly traded shares owned by minority shareholders probably in the second half of 2010 and afterward to incorporate its contact lenses business, Ciba Vision, and certain Novartis ophthalmic medicines into Alcon. Alcon will become the second-largest division of Novartis.

Management reshuffle

Novartis has reshuffled its management and ended the dual mandate of Daniel Vasella, who will stay on as chairman of the board, earlier than expected. Joe Jimenez was appointed as Novartis' new CEO, while Jon Symonds has taken on the role of CFO. Given that Mr. Jimenez has spent most of his professional life in the consumer goods sector and Mr. Symonds, in his former capacity as CFO of AstraZeneca, has already a track record, the market expects both executives to be very mindful of costs and shareholder value.

Pipeline improves

The company's product pipeline has seen noticeable improvements in recent months. A number of new products have intact chances for positive market approval decisions or successful market launches, respectively, in 2010. These include the bronchodilator, QAB149, Affinitor to treat advanced renal cell carcinoma, FTY720 to treat multiple sclerosis and Menveo, a vaccine that protects against meningococcal meningitis.

Thanks to the improved pipeline prospects and progressive diversification of its revenue streams, Novartis' challenges from patent expiries, which mostly relate to the hypertension drug, Diovan, start to appear manageable. Novartis' stock, based on the P/E 2010E ratio, is trading at a modest premium to the European pharmaceuticals companies in its peer group. We consider this more than justified due to the company's long-term growth potential. The attractive dividend yield of 3.7% is another point in the share's favour.

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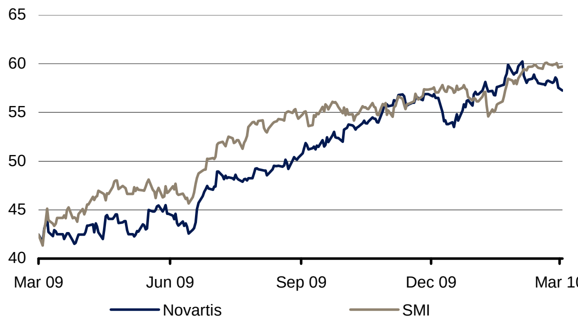
Share Price Performance (CHF) **Price (CHF) 57.25**



Source: Datastream

Key figures

Data as at 29.03.2010	2009A	2010E	2011E
P/E	14.6	10.9	10.1
EPS growth (%)	1.9	33.1	8.9
EV/Sales	2.9	2.8	2.5
Div. Yield (%)	3.7	4.0	4.4

Source: Datastream

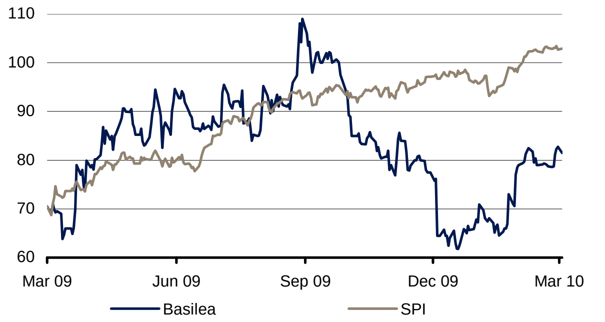
Basilea

Pharmaceuticals, Biotech & Life Sciences

Key figures

Data as at 29.03.2010	2009A	2010E	2011E
P/E	n.m.	n.m.	n.m.
EPS growth (%)	n.m.	n.m.	n.m.
EV/Sales	20.6	9.4	5.4
Div. Yield (%)	0.0	0.0	0.0

Share Price Performance (CHF) **Price (CHF) 81.50**



Source: Datastream

Basilea is a young biopharmaceutical company which focuses on infection and skin diseases. It has two products with attractive clinical profiles, one of which is now being launched. The US as well as the European regulatory authorities have delivered negative decisions on the company's former main product, Ceftobiprole, in recent months. This has raised concerns about the company's future financing. The announcement of a partnership with the Japanese pharmaceuticals company, Astellas, to develop the pipeline product, Toctino (fungal infections), has averted the risk of a dilutive capital increase. We believe that the market has not yet fully discounted this stabilisation of the company and the value of Basilea's products, and we recommend the shares as a Buy to investors who are interested in a growing young biotechnology company.

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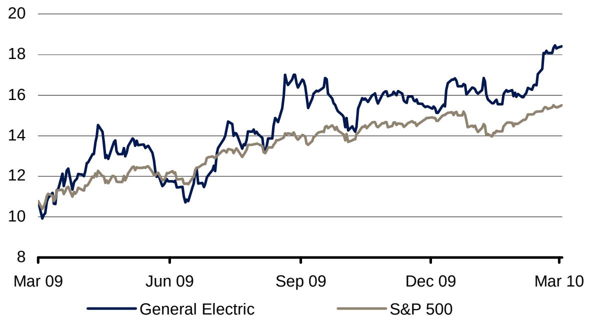
General Electric

Capital Goods

Key figures

Data as at 29.03.2010	2009A	2010E	2011E
P/E	17.9	18.0	15.1
EPS growth (%)	-42.1	-1.0	19.6
EV/Sales	0.6	0.4	0.2
Div. Yield (%)	3.3	2.2	2.4

Share Price Performance (USD) **Price (USD) 18.40**



Source: Datastream

After four very difficult quarters, General Electric (GE) has sent the market the first positive signals with its Q4 2009 results and guidance for 2010. Order intake in the Industry segment rose by 20% QoQ to USD 22.1 bn and orders on hand reached a record level of USD 175 bn. Furthermore, the quarterly figures testify to the stabilisation of GE Capital's finance business. In Energy Infrastructure, above all oil and gas recorded a robust performance. Within the Technology segment, healthcare posted a good performance and confirmed its leading position in the area of imaging technology. Despite GE's extraordinary market position in many attractive business fields and the improving conditions, the market is still reserved in its expectations for the company, which gives the shares scope for positive surprises.

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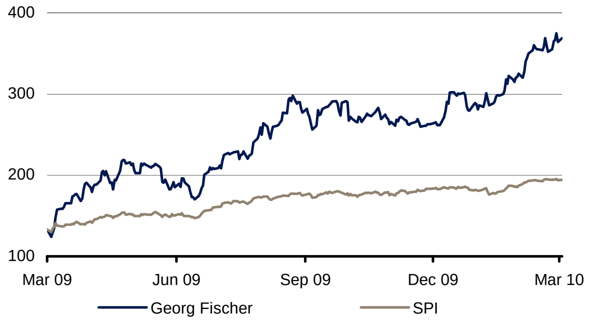
Georg Fischer

Capital Goods

Key figures

Data as at 29.03.2010	2009A	2010E	2011E
P/E	n.m.	71.2	14.7
EPS growth (%)	n.m.	n.m.	385.5
EV/Sales	0.5	0.6	0.6
Div. Yield (%)	0.0	0.0	1.8

Share Price Performance (CHF) **Price (CHF) 368.75**



Source: Datastream

Georg Fischer (GF) has completed a difficult year, posting a 35% decline in order intake and sales, as well as a loss of CHF 238m. Timely structural adjustments, lower costs (including raw materials) and financial measures started to take effect in H2 2009 and have secured cash. GF got off to a good start in 2010. Automotive, with its focus on German mid-size cars, will record growth this year. Piping Systems will profit from infrastructure measures for water and gas supply networks, whereas order intake at AgieCharmilles will remain restrained, although the service business offers a good base load. GF will shift its focus more towards Asia (China), where more and more of its end-user markets are located. Consensus market expectations for 2010/11 are well below management's expectations. Furthermore, the valuation is low. Both promise upside potential for the GF share.

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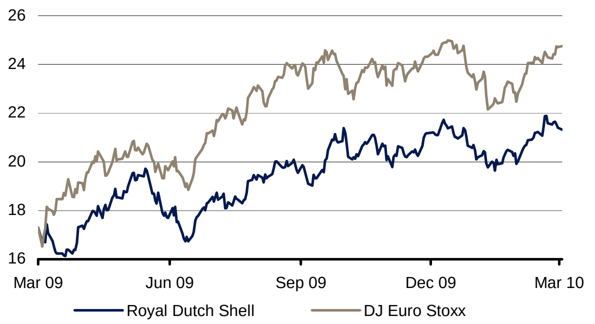
Royal Dutch Shell

Energy

Key figures

Data as at 29.03.2010	2009A	2010E	2011E
P/E	15.3	9.9	7.6
EPS growth (%)	-59.2	53.7	30.4
EV/Sales	0.7	0.5	0.5
Div. Yield (%)	5.8	5.9	6.0

Share Price Performance (EUR) **Price (EUR) 21.33**



Source: Datastream

Royal Dutch Shell (RDS), the world's second largest private oil company, is making good past omissions faster than expected. The thin growth rates recently recorded for oil and gas production should pick up noticeably in the medium term, reaching an above-average level in sector comparison. RDS expects to boost upstream oil and gas output by 11% to 3.5m barrels of oil equivalent per day by 2012. This equates to an annual growth rate of 3.5% (previously 2%-3% by 2012). The new Swiss CEO, Peter Voser, is focusing on the right priorities of meeting the company's business objectives and achieving profitable growth rates. This will be underpinned by rigorous austerity measures, new production projects and a strong cash flow. So far, the market has not given the recovery sufficient attention. Hence, it is the right time to add the shares of an industry winner with good growth prospects and earnings increases to an investment portfolio.

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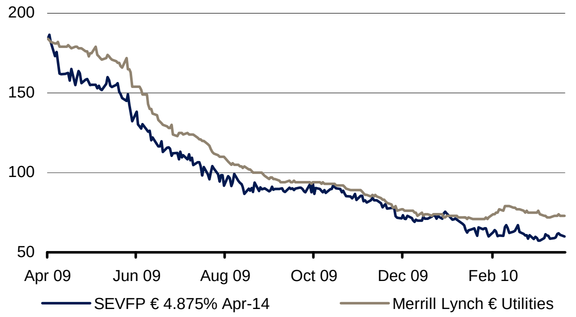
Suez Environnement

Key credit metrics

	2009	2008	2007
EBITDA margin (%)	16.8	17.0	17.1
Net Debt / EBITDA	3.0	2.8	2.6
EBITDA / Interest	9.4	6.0	6.8
FFO / Interest	6.9	3.6	4.0

Spread history versus benchmark (ASW, in bp)



Sources: Bloomberg, UniCredit, Company reports

Suez Environnement (A3/n) is a French sustainable leading water and waste operator. FY09 results were solid, with revenues up 0.6% and EBITDA down 2% due to the adverse economic environment. The leverage increased from 2.8 at YE08 to 3.0 at YE09, and should reach 3.5 in 2010 with the closing of the Agbar acquisition, a deal which makes strategic sense though, strengthening the company's position in the Spanish market and in the water business. The management is clearly committed to reduce the leverage to 3.0 by 2012, counting on free cash flow generation, cost cutting programmes and increased selectivity on capex. The balance sheet is healthy and fundamentals are solid, with low risk business profile underpinned by strong positions in core markets as well as stable and predictable revenues derived from long term contracts with municipalities and industrials. We recommend the 4.875% Apr-14 bond in EUR.

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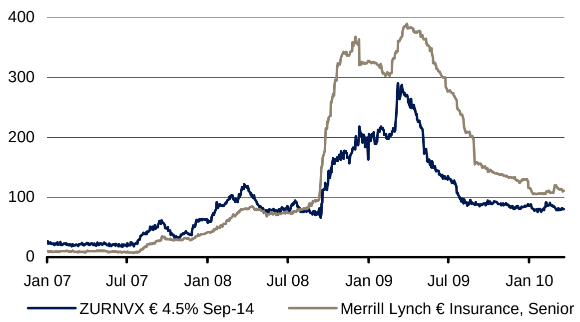
Zurich Financial Services

Key financial ratios

	2009	2008	2007
Solvency I ratio (%)	198	160	187
Combined ratio (%)	96.8	98.1	95.6
Return on Equity (%)	12.6	12.1	21.3
New Business margin (%)	2.6	2.9	3.1

Spread history versus benchmark (ASW, in bp)



Sources: Company reports, Bloomberg

Zurich Financial Services (A2s/AA-n) reported strong FY09 results and a 28th consecutive quarter of profitability. With a 4% increase in net income from previous year, the company weathered the crisis better than most of its similarly rated peers. The combined ratio improved to 96.8% from 98.1% at YE08 and the capital base significantly increased by 34% thanks to strong operating performances as well as the capital market recovery. As a result, the Solvency I ratio improved from 160% at YE08 to a robust 198% at YE09, strengthening the company's credit quality and balance sheet, and leaving some room for a dividend increase in 2010. In addition, management doesn't plan any share buyback and intends to use excess capital as a buffer for stakeholders, which is clearly a bondholder friendly behaviour. Low exposure to troubled assets in its investment portfolio is also credit positive. We recommend the senior bond 4.5% Sep-14 in EUR.

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GAM UK Diversified

Investment Strategy

The investment objective of the fund is capital appreciation. The fund invests primarily in quoted securities in the UK, seeking to exploit areas with excessively negative sentiment and a catalyst for change. Stocks are selected on basis of fundamental and technical analysis. Currency hedging may be employed to protect against exchange rate risk.

Portfolio Split

There is no information available about the Portfolio Split of the Fund.

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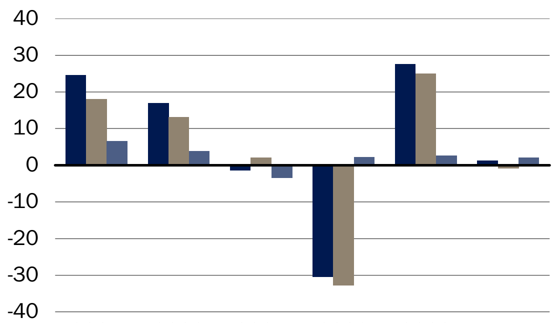
Performance (%)



	2005	2006	2007	2008	2009	YTD
Funds	24.6	17.0	-1.4	-30.5	27.6	1.3
Index	18.1	13.2	2.0	-32.8	25.0	-0.9
Diff.	6.5	3.8	-3.4	2.3	2.7	2.1

Source: Datastream

Current Fund Data and Information as of 26.02.10

Share price	1069.8
Fund size in millions (share class)	270
Domicile	UK
Mgmt. Company / Portfolio Mgmt.	GAM
ISIN	GB0002426426
Swiss Sec. No.	386'098
Currency	GBP
EU Tax Directive Status	in scope no tax
Launch date	15.08.1990
Management Fee, p.a. (%)	1.50
TER, p.a. (%)	1.63
Dividend payment date	-
Payment 2009	keine
Reference index	FTSE all Share

Source: Datastream, Lipper

Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

Legal Representatives in Switzerland

GAM Anlagefonds AG, Klausstrasse 10, CH-8034 Zurich

Paying Agent

Rothschild Bank AG, Zollikerstrasse 181, 8034 Zurich

The prospectus, simplified prospectus as well as the annual and semi-annual reports are available free of charge from:

GAM Anlagefonds AG, Klausstrasse 10, CH-8034 Zurich

Sarasin Global Return (EUR) A

Investment Strategy
The investment objective of Sarasin Global Return (EUR) is to achieve long-term capital appreciation, while at the same time ensuring capital preservation over the medium term. A systematic investment process means that a dynamic asset allocation can be deployed, the purpose of which is to reduce the price risk when markets slump and to benefit as much as possible from any market rally. The investments' currency risk against the accounting currency is actively managed and can be fully hedged if necessary. The reference currency of the subfund is the euro.

Portfolio Split
The subfund invests on an international basis not only in equities but also in bonds, convertible bonds and warrants, and in fixed or variable-rate securities, without any restriction on the issuer's domicile. Because of the systematic investment process, the subfund's equities quota will be in the region of 0% to 55% of the fund's net assets.

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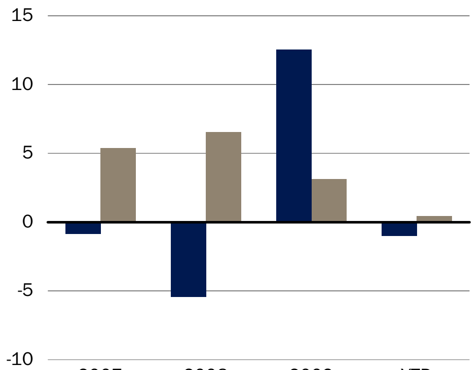
Performance (%)



	2007	2008	2009	YTD
Fund	-0.88	-5.45	12.56	-1.04
Reference Index	5.40	6.57	3.13	0.43

Quelle: Lipper Hindsight

Current Fund Data and Information as of 26.02.10

Share price	119.08
Fund size in millions	17.95
Domicile	Luxembourg
Portfolio Management	Bank Sarasin & Co. Ltd, Basel
ISIN	LU0068337210
Swiss Sec. No.	456 282
Currency	EUR
EU Tax Directive Status	In-scope
Launch date	28 August 1996
Management Fee, p.a. (%)	1.25 + performance fee
TER, p.a. (%)	1.78
Dividend payment date	April
Reference Index	3m EUR Libor +2%*

*new since 02.04.2007; before customized; details see annual report.

Source: Bank Sarasin & Co. Ltd

Past performance does not guarantee future returns. The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units.

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The prospectus, simplified prospectus as well as the annual and semi-annual reports are available free of charge from:
Sarasin Investmentfonds SICAV, January 2010

«Barrier Inverse Convertibles»: Yield enhancement in the reverse direction

Investment idea

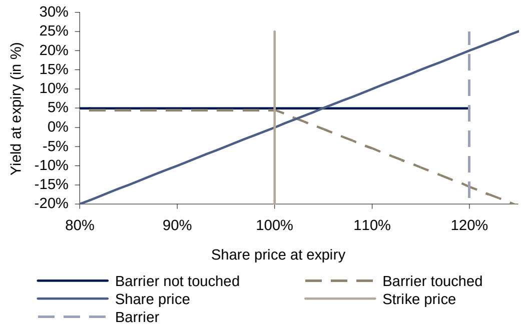
Structured products have an advantage over other investment instruments, in that they can be tailored to the client's needs: not only to concrete investment requirements but also to expected market conditions. Rising equity prices are not a prerequisite for positive yields. Investors can also achieve a positive performance in a sideways-trending or a negative market environment with the appropriate products. Investors should therefore also consider investing in structured products with a «bearish» or «short» bias. These also include products such as barrier inverse convertibles from the yield enhancement category.

Investment instrument

With «barrier inverse convertibles», the barrier is higher than the price of the underlying security at issue. If the underlying asset never touches the barrier during the product's lifetime, the product is redeemed at 100% of the nominal amount. Otherwise, a percentage is deducted which matches the price gain of the underlying instrument. In each case, the investor will be credited with a coupon payment.

The higher the volatility and the lower the dividend yield, the higher the barrier with a given coupon will be. Here are some current examples of a coupon of 5% p.a. and a maturity of eight months: ABB: barrier at 119.5%, Adecco: 121%, Julius Bär: 139%, Holcim: 119%, Swiss Re: 126% and UBS: 142% (all data indicative).

Payout profile of barrier inverse convertible



Investors who no longer expect the value of these equities to increase to such an extent this year can achieve a yield that is much higher than the current market interest rate by investing in the relevant «barrier inverse convertibles». Alternatively, investors can use one product to invest simultaneously in several barrier inverse convertibles: the portfolio barrier inverse convertible. This diversified product can significantly reduce the potential loss, while the expected yield remains the same.

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Abbreviations

A	actual value
abs.ch	absolute change
ASW	asset swap spread
avg.	average
bn	billion
bp	basis points
corp.	corporate
CPI	Consumer Price Index
Div. yield or DY	dividend yield
E	estimate
EBIT	earnings before interest and taxes
EPS	earnings per share
EV/EBITDA	enterprise value to earnings before interest, taxes, depreciation and amortisation
excl.	excluding
FY	financial year
GAAP	Generally Accepted Accounting Principles
GDP	gross domestic product
GNP	gross national product
gov.	government
m	million
M&A	Mergers & Acquisitions
mavg	moving average
MV/revenues	market value to revenues
N.A.	not available
p.a.	per annum
P/B	price-to-book ratio
P/E	price-to-earnings ratio
R&D	Research & Development
R.H. Scale	right hand scale
ROE	return on equity
SAA	Strategic Asset Allocation, long term strategy based on investment profiles
TAA	Tactical Asset Allocation; short term strategy based on return/risk expectations
vs.	versus
yoy	year over year

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