

Dividend concentration risk in UK

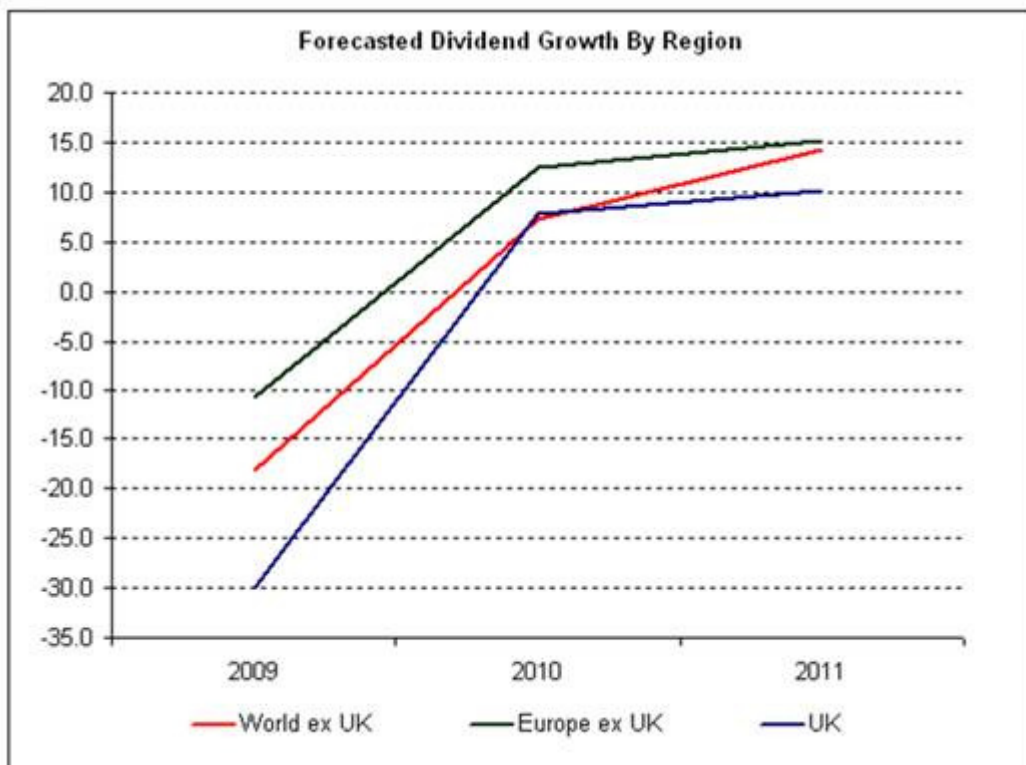
70% of the UK's available dividend is currently supplied by only 20 stocks! See the table below. UK Equity Income managers are forced into a very narrow universe of stocks – we believe this hikes risk. The incidence of dividend cuts in UK has been worrying and may well continue, but will certainly struggle to recover quickly. Neil Woodford just yesterday announced his concerns about a new sector – see link attached. <http://www.citywire.co.uk/professional/-/news/fund-news/content.aspx?ID=360268&re=7078&ea=184305>

Dividend concentration in UK

Stock	As a % of Total Dividend (2009F)	Cumulative as a % of Total Dividend (2009F)
Royal Dutch Shell Group Plc	12.6%	12.6%
BP	12.6%	25.2%
Vodafone Group	7.5%	32.6%
Hsbc Holdings	6.5%	39.1%
GlaxoSmithKline Plc	5.6%	44.7%
AstraZeneca	3.8%	48.5%
Unilever Plc	3.7%	52.2%
British American Tobacco Plc	3.4%	55.5%
BHP Billiton Plc	2.5%	58.0%
Tesco	1.8%	59.8%
National Grid Plc	1.7%	61.5%
Aviva Plc	1.6%	63.1%
Diageo	1.6%	64.7%
Rio Tinto Plc	1.5%	66.2%
Standard Chartered	1.4%	67.6%
Imperial Tobacco Group	1.4%	69.0%
Reckitt Benckiser Group	1.2%	70.1%
Centrica	1.1%	71.3%
Scottish & Southern Energ	1.1%	72.4%
Sabmiller Plc	1.1%	73.5%

Global markets now offer attractive and growing dividends

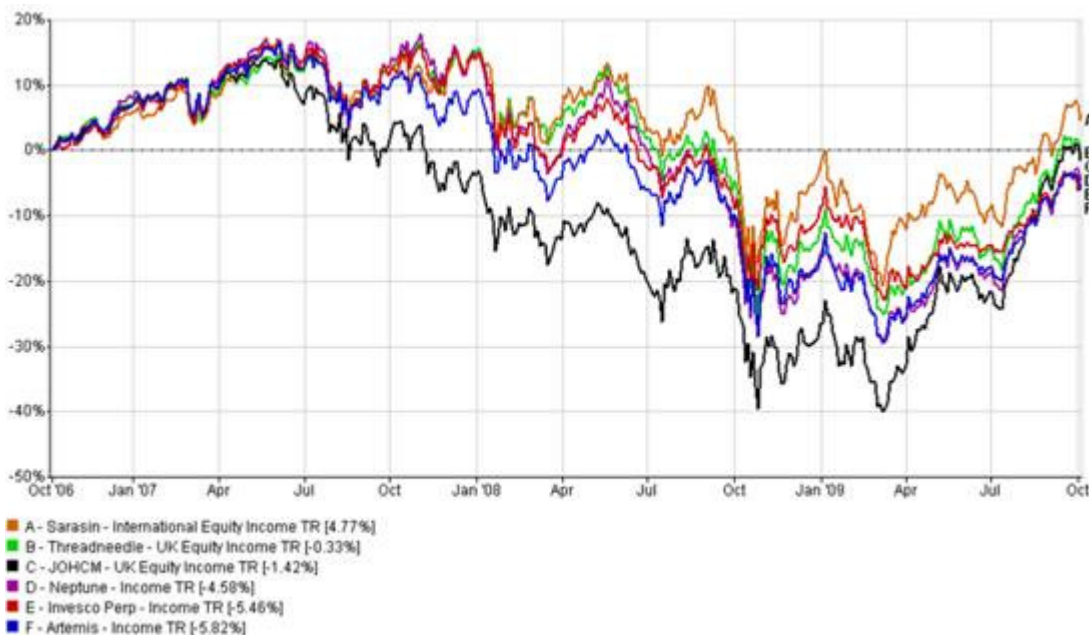
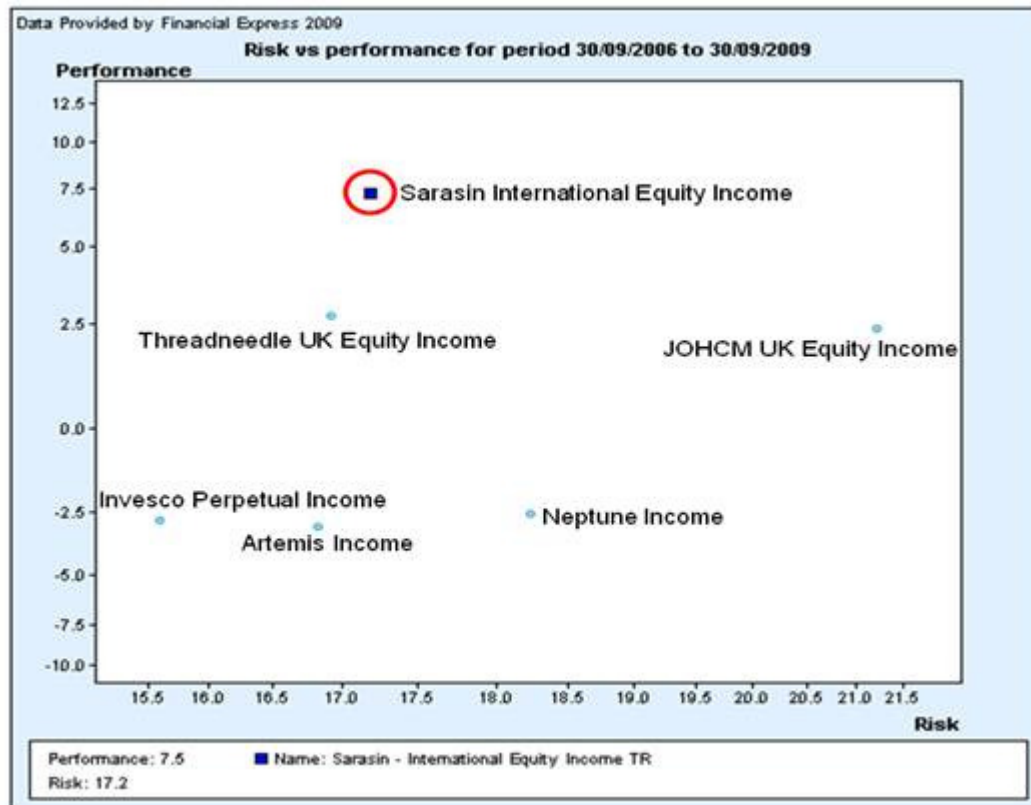
Times have changed! There are very many international companies with progressive dividend policies and dividend growth strategies. The MSCI World index offers 400+ companies with dividends in excess of 4%. This enables a global equity income manager a diverse universe of stocks to select from, reducing risk.



Sarasin International Equity Income Fund is a strong performer

The Sarasin International Equity Income Fund is now over 3 years old and has £102m AUM. The fund takes a lower risk approach and focuses on an attractive income, dividend growth and of course total return. For example, the fund managed to grow its dividend by 8% during 2008.

I have analysed the 3 year risk adjusted returns delivered by some UK equity income funds and compared the results with the Sarasin International Equity Income fund.



05/10/2006 - 05/10/2009 © Data provided by Financial Express 2009

Please note - for those clients wishing to avoid currency risks please note Sarasin is uniquely able to offer you a fully Sterling hedged version of this fund. For further information about the Sarasin International Equity Income Fund paste the following link into your Web browser:

http://www.sarasinsolutions.co.uk/internet/ssolutions/index_root/index_ssol/thematic_ssol/thematic_funds_sarasin_international_equity_income_fund_ssol.htm