

Julius Bär

ONE-PAGER FOR DONORS 29.02.2020

Market comment

The financial market development in February was violently influenced by the global spread of the coronavirus epidemic. The lack of visibility on the future development of the epidemic and the unknown effect on economic fundamentals resulted in an increase of uncertainty. In order to mitigate the economic effects, the Chinese authorities already decided on fiscal and monetary stimulus measures. The rise in risk premiums consequently led to major selling pressure in equity markets towards the end of the month. By contrast, the demand for safe havens increased dramatically, so that global government bond yields declined massively and Swiss Franc appreciated against other major currencies.

The turbulences in equity markets led to a negative absolute performance in the portfolio, but through the active approach, we were able to dampen this effect compared to the benchmark. Our policy to reduce our exposure in stocks that performed extraordinarily well has prompted us to sell part of our position in Adobe, Paypal and Ansys at the beginning of the month. Also, we decided to realize profits in Xylem, after a disappointing earnings report.

In the coming weeks the short-term economic data will be heavily distorted and we expect company managements will guide rather cautiously for the first quarter or even the first half of the year. Of course, this will depend strongly on the further development of the coronavirus and the subsequent policy action of governments, the behavior of consumers and the management of companies. According to our CIO the spread of the coronavirus around the globe constitutes a severe external shock to the global economy and markets. No one knows when the pandemic will subside. Equity markets have built up a significant risk premium in a short time period. A probable stabilization process will involve a rebound and then a re-test of the lows a few days or even weeks later. Only then will equity markets be able to resume the bull market that began in 2009.

Portfolio summary

	Month - February 20	2020
Initial*	96'452'194.06	104'557'338.49
Deposits	0.00	0.00
Withdrawals	0.00	-10'000'000.00
Result (performance)	-3'025'751.76	-1'130'896.19
Final	93'426'442.30	93'426'442.30

*31.12.2019 for "2019"; 31.01.2020 for "Month"

Allocation per asset class and performance in USD

Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	3'709'038.38	3.97%	7.93%	5.91%	0.19%	0.38%
Bonds and similar positions	32'190'951.99	34.46%	1.29%	2.71%	1.22%	3.53%
Equities and similar positions	53'470'667.60	57.23%	-6.32%	-4.39%	-7.63%	-7.62%
Alternative Investments	4'055'784.33	4.34%	0.27%	0.62%	0.28%	0.54%
Total	93'426'442.30	100%	-3.14%	-1.47%	-4.16%	-3.41%

The sole legally binding version is the official report.

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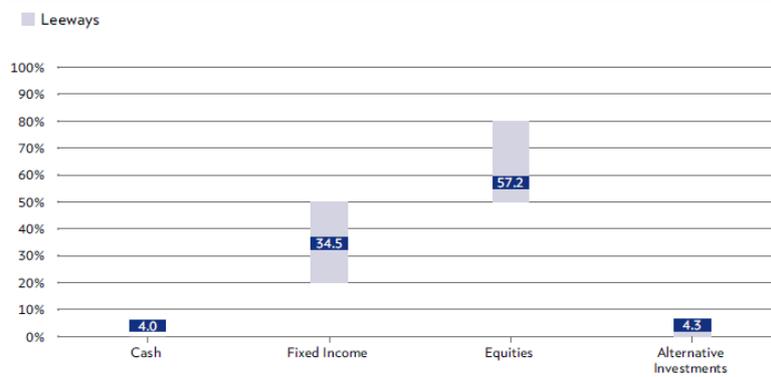
E.U.A. Índice de Preços ao Consumidor (IPC)

1-mês mudança % (Fevereiro 20)	0.08%
Mudança % 2020 (Fevereiro 20)	0.20%

Performance

Month (February 20)		Year (2020)	
Nominal	Real	Nominal	Real
-3.14%	-3.22%	-1.47%	-1.67%

Allocation per asset class



Net return YTD - Benchmark and portfolio

