

Julius Bär

ONE-PAGER FOR DONORS 31.12.2019

Market comment

The world economy is in the process of leaving behind the cyclical low of 2019 with the manufacturing recession fading and consumers continuing to spend. After extensively fueling the world economy with cheap money in 2019, major central banks can afford to switch to a “wait-and-see” mode. In Europe possible fiscal expansion through government, spending could add stimulus to a sluggish economic expansion. On the political front, the U.S. presidential elections will be at the forefront of headlines and could increase the odds for a de-escalation in the US-China trade conflict so that partial, face-saving trade deals are likely to become reality.

In December, stock markets continued its upward trend, with the U.S. again performing better than other markets and with an especially strong development in emerging markets. In fixed income markets, government bonds were flattish with yield spreads tightening, so that corporate bonds showed some positive performance.

In the portfolio, we bought “TJX Companies” which is the leading off-price apparel and home fashion retailer and sold our position in European real estate stock Unibail-Rodamco. Knowing about the cash outflow in January, we took profit by cutting the positions of several stocks down to normal portfolio weights in the U.S. (Accenture, Ansys, Adobe, IHS Markit, Microsoft, Visa) as well as in Europe (Adidas, Schneider Electric) and Switzerland (Geberit, Lonza, Sika, Straumann).

With the expected growth pickup unlikely to spur significantly higher inflation expectations, the low-yield environment is expected to stay. Hence, the search for yield will remain also in 2020 the overarching theme. The bull market in equities is likely to continue (presumably at a slower pace) with the macro environment becoming more constructive and the earnings development in companies still positive.

Portfolio summary

	Month - December 19	2019
Initial*	103'053'511.05	86'036'201.99
Deposits	0.00	0.00
Withdrawals	0.00	0.00
Result (performance)	1'503'827.44	18'521'136.50
Final	104'557'338.49	104'557'338.49

*31.12.2018 for "2019"; 31.12.2019 for "Month"

Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	6'659'164.23	6.37%	-4.92%	1.93%	0.16%	2.47%
Bonds and similar positions	31'490'162.96	30.12%	0.17%	6.42%	0.06%	12.70%
Equities and similar positions	62'377'399.44	59.66%	2.46%	33.71%	3.00%	29.22%
Alternative Investments	4'030'611.86	3.85%	0.46%	2.52%	0.24%	3.50%
Total	104'557'338.49	100%	1.54%	21.90%	1.84%	21.82%

The sole legally binding version is the official report.

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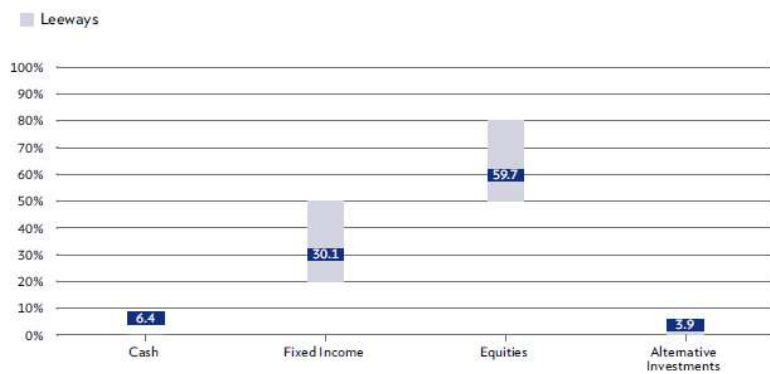
U.S.A. Consumer Price Index (CPI)

1-month % change (December 19)	0.2%
2019 % change (December 19)	2.3%

Performance

Month (December 19)		Year (2019)	
Nominal	Real	Nominal	Real
1.54%	1.34%	21.90%	19.60%

Allocation per asset class



Net return YTD - Benchmark and portfolio

