

# Julius Bär

## ONE-PAGER FOR DONORS

31.09.2019

### Market comment

The G20 trade truce did not last for long as US President Trump decided to increase tariffs again. Paradoxically, trade tensions extend the bull market cycle but only up to a certain point. We believe that in Europe and the US in particular, the causality between the economic cycle, and the financial cycle has been reversed. There was a time when markets used to discount the ups and downs of the real economy with some lead-time. This is what is traditionally taught in books and finance courses. After three decades that have seen the rise of the service and information technology economy, the expansion in the volume and value of financial assets, which grew three times faster than that of GDP over this period, has reversed causality in the system. Then the style shift from growth towards value.

On a portfolio-level, there was very little activity during the month of September. The above-mentioned shift from a market that prefers growth stocks to one preferring value stocks impacted our portfolio more than the index. In a sideways moving month, we could see profit taking in growth-stocks like Paypal, Visa or Adobe and a shift into old economy stocks like the utility sector. Given the good quality of the stocks owned in the portfolio we do not see an urgency to follow that shift.

The fourth and last quarter of 2019 begins under the auspices of new negotiations between the Chinese and Americans. The short-term outcome is still as uncertain as ever in a context of the upcoming US presidential election. The US President's room for maneuver is shrinking until this key deadline. For the time being, endogenous factors keep on pointing towards a continuation of the bull market in equities. However, political pressure is mounting and the best response to this dilemma remains good diversification and a strategic level of exposure to risk assets that is psychologically acceptable.

### Portfolio summary

	Month - September 19	2019
Initial*	98'874'385.54	86'036'201.99
Deposits	0.00	0.00
Withdrawals	0.00	0.00
Result (performance)	-67'738.56	12'770'444.99
<b>Final</b>	<b>98'806'646.98</b>	<b>98'806'646.98</b>

\*31.12.2018 for "2019"; 31.08.2019 for "Month"

### Allocation per asset class and performance in USD

Allocation per asset class and performance in USD					Benchmark	
Asset class	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	2'890'939.92	2.93%	1.84%	12.89%	0.18%	1.96%
Bonds and similar positions	32'418'035.34	32.81%	-0.37%	5.75%	-0.65%	19.18%
Equities and similar positions	61'559'373.96	62.30%	0.13%	22.47%	2.20%	18.90%
Alternative Investments	1'938'297.76	1.93%	0.43%	1.48%	0.27%	2.72%
<b>Total</b>	<b>98'806'646.98</b>	<b>100%</b>	<b>0.01%</b>	<b>15.11%</b>	<b>1.12%</b>	<b>17.94%</b>

The sole legally binding version is the official report.

**Bank Julius Baer & Co. Ltd.**

Bahnhofstrasse 36, P.O. Box, 8010 Zurich, Switzerland

T +41 (0) 58 888 1111, F +41 (0) 58 888 1122

www.juliusbaer.com

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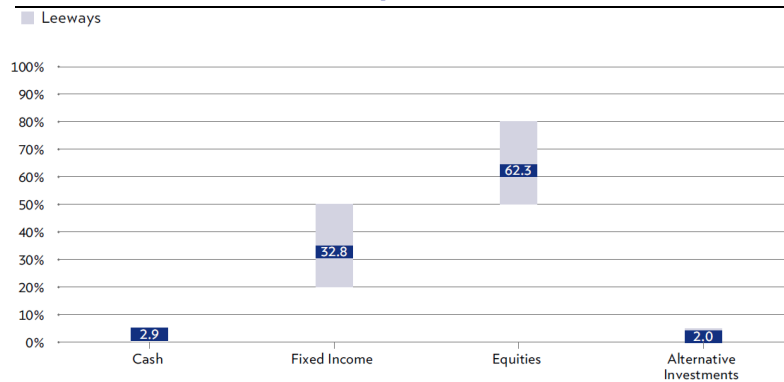
## U.S.A. Consumer Price Index (CPI)

1-month % change (September 19)	0.0%
2019 % change (September 19)	1.4%

## Performance

Month (September 19)		Year (2019)	
Nominal	Real	Nominal	Real
0.01%	0.01%	15.11%	13.71%

## Allocation per asset class



## Net return YTD - Benchmark and portfolio

