

Julius Bär

ONE-PAGER FOR DONORS 31.03.2020

Market comment

Markets in March were again very much influenced by the global spread of the corona virus. The unknown effect on economic growth and company earnings as well as the uncertain magnitude of the crisis weighed heavily on financial markets. The decisive measures taken by central banks to ensure the functioning of the various bond markets by huge quantitative easing measures as well as the very aggressive fiscal policy actions announced especially in the U.S. and Europe have helped to bring down volatility by end of March and equity markets recovered from their lows. Liquidity in bond markets improved, too, and the spreads of corporate compared to government bonds decreased.

At the beginning of the month we took some profit in Encompass Health and sold VF Corp, as we considered fundamentals for the company to stay difficult for longer time.

Nonetheless, the lower levels in equity markets also brought opportunities to invest. We decided in mid-March to buy Agilent Technologies. Agilent is one of the leading suppliers of analytical instrumentation for the life science industry and is well positioned to benefit from secular growth trends including DNA sequencing and cellular reprogramming. In the meantime, Ingersoll-Rand, one of our US companies, spun off its industrial part and renamed itself to Trane Technologies, becoming a pure play in the climate-control business. End of March we added Trimble, a GPS solutions provider. The thematic approach prevented us from having direct exposure to the equity sectors that have been hit the most by the market crash, such as energy and banks. Furthermore, it guided us to a higher allocation to healthcare and information technology stocks, which outperformed the overall market. The fact that we had no exposure to the riskier bond segments also supported the performance of our portfolios.

For the time being, financial markets will remain dependent on the evolution of the pandemic. A vaccination or a remedy are not in sight, any news about a decline in persons infected or a slow return back to normal life would be good news for the patients, economy and financial markets.

Currently, the visibility is very low with regard to the economic consequences and the effect of the government support measures. Nevertheless, it is clear that the global economy fell into a recession. We therefore maintain our preference for quality stocks and business models that are the most immune to, or even benefiting from, this crisis.

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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Portfolio summary

	Month - March 20	2020
Initial*	93'426'442.30	104'557'338.49
Deposits	0.00	0.00
Withdrawals	0.00	-10'000'000.00
Result (performance)	-5'847'541.14	-6'978'437.33
Final	87'578'901.16	87'578'901.16

*31.12.2019 for "2020"; 29.02.2020 for "Month"

Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	2'220'961.15	2.54%	-1.00%	4.85%	0.09%	0.47%
Bonds and similar positions	31'925'433.41	36.45%	-0.33%	2.37%	-6.00%	-2.68%
Equities and similar positions	49'378'535.69	56.38%	-10.48%	-14.42%	-11.47%	-18.22%
Alternative Investments	4'053'970.91	4.63%	-0.04%	0.58%	0.17%	0.72%
Total	87'578'901.16	100%	-6.18%	-7.56%	-8.85%	-11.96%

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

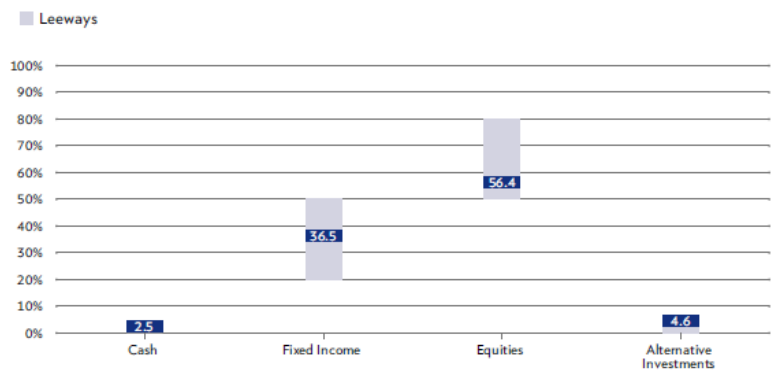
1-month % change (March 20)	-0.40%
2020 % change (March 20)	-0.19%

Performance

Month (March 20)		Year (2020)	
Nominal	Real	Nominal	Real
-6.18%	-5.78%	-7.56%	-7.37%

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Allocation per asset class



Net return YTD - Benchmark and portfolio

