

Julius Bär

ONE-PAGER FOR DONORS 30.04.2020

Market comment

Since the beginning of the crisis and the partial closure of the economy, the US Federal Reserve has taken a series of measures to stabilize the financial system. The recovery after the vertical fall in March was at least as surprising as the magnitude and the speed of the decline. So much so that we are now experiencing a certain degree of disconnection between the falling real economy and the markets. This anomaly can be explained by the phenomena that markets look across the valley and are aware that activity levels will recover by the third quarter. The most important unknown is the extent of the recovery, not the direction of the trend. In other words, the current 15% to 20% year-on-year decline in gross domestic product (GDP) will logically be temporary.

On a portfolio-level we did very few transactions in April. We bought a position in ASML, a leading global producer of photolithography systems for the semiconductor industry. Further, we took some profit in Lonza and reduced the position down to normal. Lonza is one of the life science companies that benefited from the Corona crises. It announced a cooperation to produce a Corona vaccine for Moderna, a biotechnology company that has been very active in developing a coronavirus vaccine since January.

Admittedly, the relatively easy part of the market recovery is already over. Technically, the market is in a context of relatively neutral risks, with the balance of indicators not tilting sharply to one side or the other. The markets will focus on the recent significant progress in reducing the rate of Covid-19 infections and on the gradual reopening of economic sectors that are totally or partially closed.

Company earnings are on track for a year-on-year decline of 14% for the S&P 500. However, the low point in earnings will be seen in the current quarter. We expect S&P 500 company earnings to decline by 37% in the second quarter and by 21% in the whole of 2020, albeit with the risk of further downward revisions.

At this stage, we are maintaining our allocation unchanged, keeping it relatively close to our strategic weightings but above all with a pronounced quality bias. Technically, the recent recovery may extend somewhat further, but a consolidation with some form of retesting levels near the March lows would not only be classic but healthy.

Portfolio summary

	Month - April 20	2020
Initial*	87'578'901.16	104'557'338.49
Deposits	0.00	0.00
Withdrawals	0.00	-10'000'000.00
Result (performance)	5'512'098.16	-1'466'339.17
Final	93'090'999.32	93'090'999.32

*31.12.2019 for "2020"; 31.03.2020 for "Month"

The sole legally binding version is the official report.

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Allocation per asset class and performance in USD					Benchmark	
Asset class	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	1'046'889.80	1.12%	4.08%	9.13%	0.31%	0.78%
Bonds and similar positions	32'670'191.96	35.09%	2.41%	4.84%	4.23%	1.44%
Equities and similar positions	55'364'698.55	59.47%	9.27%	-6.48%	10.32%	-9.78%
Alternative Investments	4'009'219.01	4.31%	-0.99%	-0.41%	0.39%	1.11%
Total	93'090'999.32	100%	6.29%	-1.75%	7.61%	-5.26%

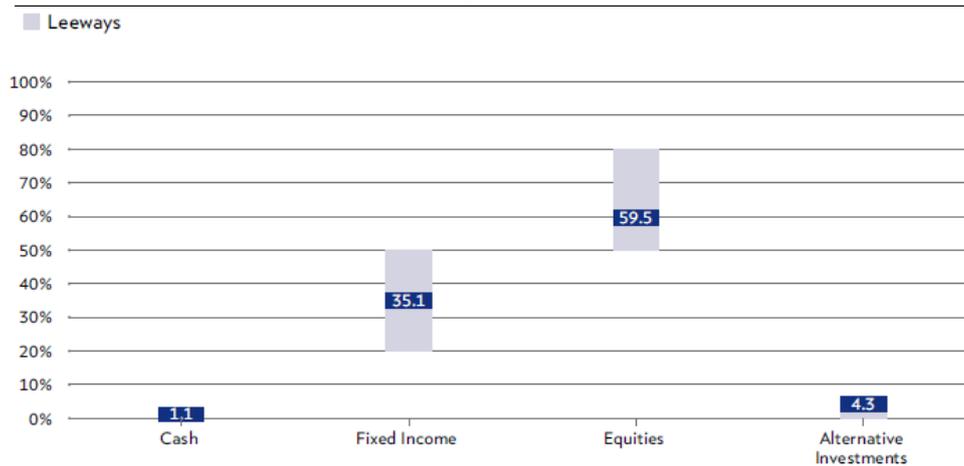
U.S.A. Consumer Price Index (CPI)

1-month % change (April 20)	-0.80%
2020 % change (April 20)	-0.01%

Performance

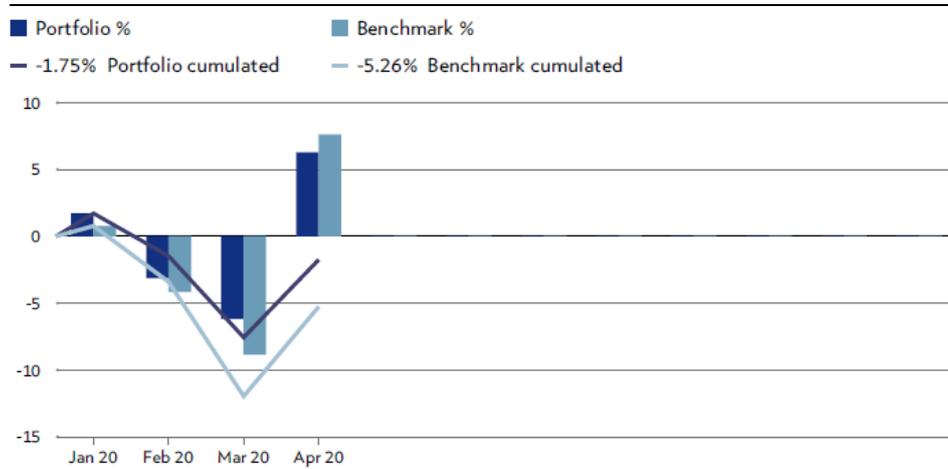
Month (April 20)		Year (2020)	
Nominal	Real	Nominal	Real
6.29%	7.09%	-1.75%	-1.74%

Allocation per asset class

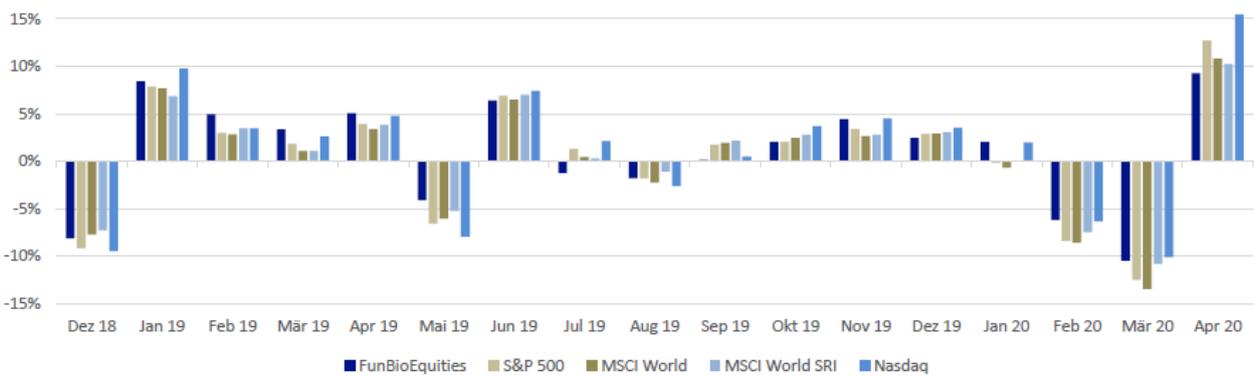
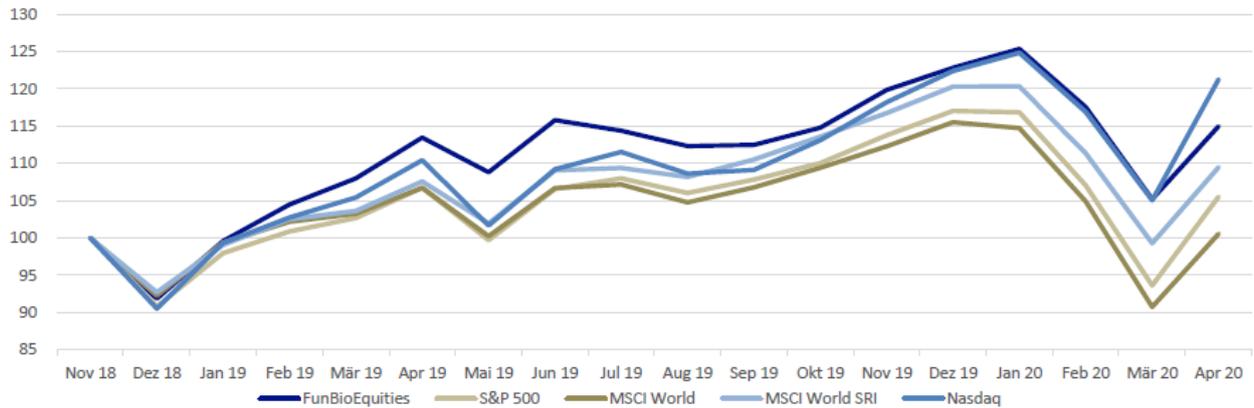


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Net return YTD - Benchmark and portfolio



Development of equity - comparison with equity indices



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Date	FunBio Equities	S&P 500	MSCI World	MSCI World SRI	Nasdaq
Dez 18	-8.15%	-9.18%	-7.71%	-7.28%	-9.48%
Jan 19	8.41%	7.87%	7.68%	6.86%	9.74%
Feb 19	4.94%	2.97%	2.83%	3.46%	3.44%
Mär 19	3.35%	1.79%	1.05%	1.09%	2.61%
Apr 19	5.08%	3.93%	3.37%	3.82%	4.74%
Mai 19	-4.10%	-6.58%	-6.08%	-5.24%	-7.93%
Jun 19	6.42%	6.89%	6.46%	6.99%	7.42%
Jul 19	-1.23%	1.31%	0.42%	0.28%	2.11%
Aug 19	-1.79%	-1.81%	-2.24%	-1.08%	-2.60%
Sep 19	0.13%	1.72%	1.94%	2.16%	0.46%
Okt 19	2.06%	2.04%	2.45%	2.77%	3.66%
Nov 19	4.41%	3.40%	2.63%	2.79%	4.50%
Dez 19	2.46%	2.86%	2.89%	3.04%	3.54%
Jan 20	2.06%	-0.16%	-0.68%	0.02%	1.99%
Feb 20	-6.23%	-8.41%	-8.59%	-7.46%	-6.38%
Mär 20	-10.48%	-12.51%	-13.47%	-10.84%	-10.12%
Apr 20	9.27%	12.68%	10.80%	10.26%	15.45%