

# Julius Bär

**ONE-PAGER FOR DONORS**  
**28.02.2023**

## **Market comment**

Interest rates have risen sharply during February following the release of January's US labor market and inflation figures. Markets have additionally raised their expected peak federal funds target rate to 5.3%, which translates into about two additional 25-basis-point increases in the federal funds target rate. After a January in which the investor consensus had drifted towards disinflation without recession, investors now fear an overheating of the economy and further interest-rate hikes to bring inflation back to 2% within a reasonable timeframe. Reinforced by better-than-expected purchasing managers' indices, especially for services, this change in market mood appears vastly exaggerated in our view. Further, in mid-February, following the release of the US consumer price index (CPI) data for January, we reported that normalization seemed to be underway and that disinflationary forces were gaining ground, mainly as a result of the unwinding of bottlenecks in the supply chains.

Related to portfolio action, we added a position with the purchase of Johnson Controls International. The firm is a global diversified technology and multi-industrial company focused on developing energy solutions, integrated infrastructure and transportation systems. Johnson Controls' product portfolio naturally lends itself to environmental stewardship, and the company has set a 2030 target to double its customers' annual emission reductions through its OpenBlue digitally enabled products and services. For the company itself, Johnson Controls has set science-based targets and expects to use 100% renewable energy and achieve net-zero carbon emissions before 2040. In addition, the company's pipeline of new building projects is supported by US government stimulus (IIJA, IRA), and regulatory standards in Europe. The company fits well with our Resource Efficiency theme. Further, we increased the position in Trimble Inc., a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. The company makes GPS, Global Navigation Satellite System, laser, and optical technologies, inertial, or other technologies to establish real-time position. The company's products target areas such as agriculture, architecture and civil engineering.

The bullish cycle that started last October can continue even if US policy rates increase to 5.25% and stabilize there for a while. Consumer spending patterns for goods have already normalized, and services should follow, making us optimistic about a continuation of the disinflationary path in the absence of an energy price shock. In short, according to the market consensus, at the beginning of January we

*The sole legally binding version is the official report.*

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had to be careful because the US Federal Reserve's (Fed) tightening would soon trigger a recession. Now we must be careful because the economy is not slowing down and the Fed may have to raise rates even higher, which would eventually trigger a recession, but not right away. In our view, these swings in market mood reveal the indecisiveness of its participants and are largely exaggerated. We think the economy is in good shape and the market is just climbing the wall of worry as it does in every new bull run.

## Portfolio summary

	Month - February 23	2023
Initial*	101'419'186.20	98'072'592.73
Deposits	0.00	0.00
Withdrawals	0.00	-1'500'000.00
Result (performance)	-1'202'735.23	3'643'858.24
<b>Final</b>	<b>100'216'450.97</b>	<b>100'216'450.97</b>

\*31.12.2021 for "2023"; 31.01.2023 for "Month"

Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	7'282'787.49	7.27%	5.50%	4.56%	0.31%	0.67%
Bonds and similar positions	32'107'542.40	32.04%	-1.30%	-0.13%	0.00%	0.00%
Equities and similar positions	58'706'183.07	58.58%	-2.07%	6.47%	-1.73%	5.65%
Alternative Investments	2'119'938.01	2.12%	0.36%	0.83%	0.39%	0.85%
<b>Total</b>	<b>100'216'450.97</b>	<b>100%</b>	<b>-1.19%</b>	<b>3.73%</b>	<b>-1.01%</b>	<b>3.48%</b>

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

1-month % change (February 23)	0.37%
2023 % change (February 23)	0.89%

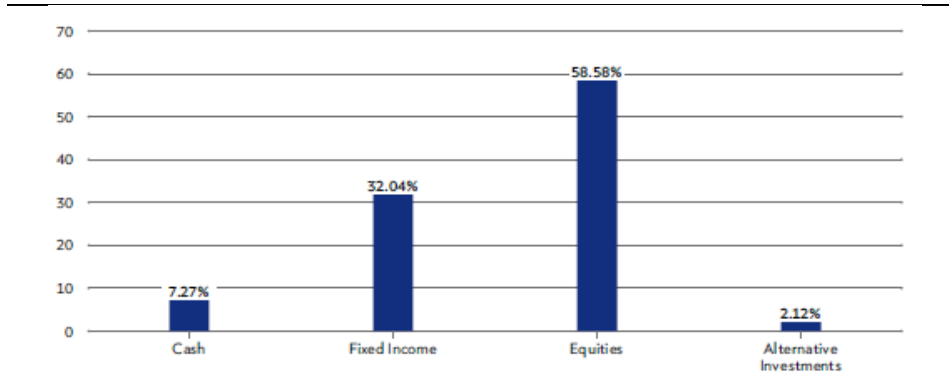
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## Performance

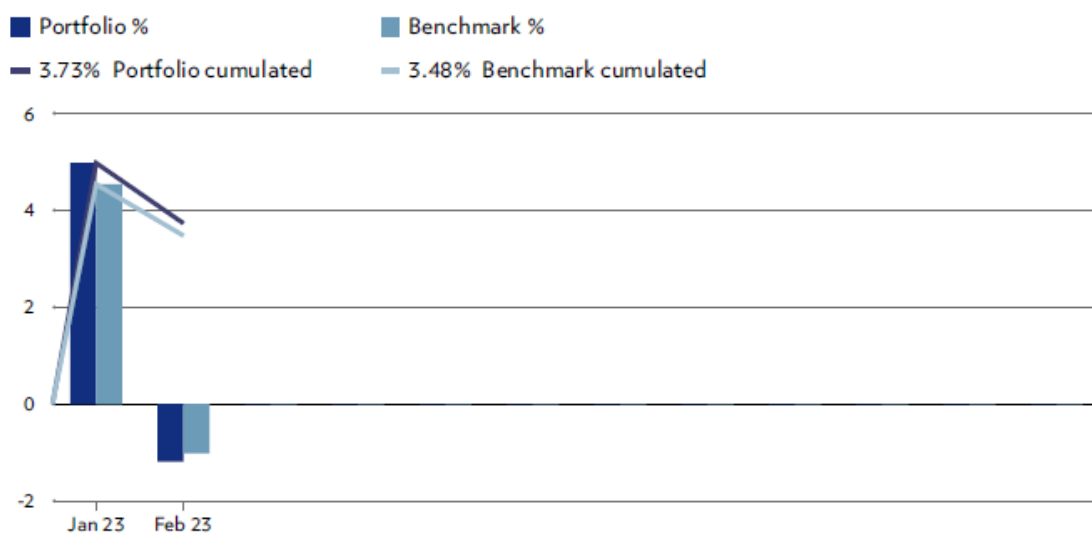
Month (February 2023)		Year (2023)	
Nominal	Real	Nominal	Real
-1.19%	-1.56%	3.73%	2.84%

\*assuming CPI data from February 2023

## Allocation per asset class

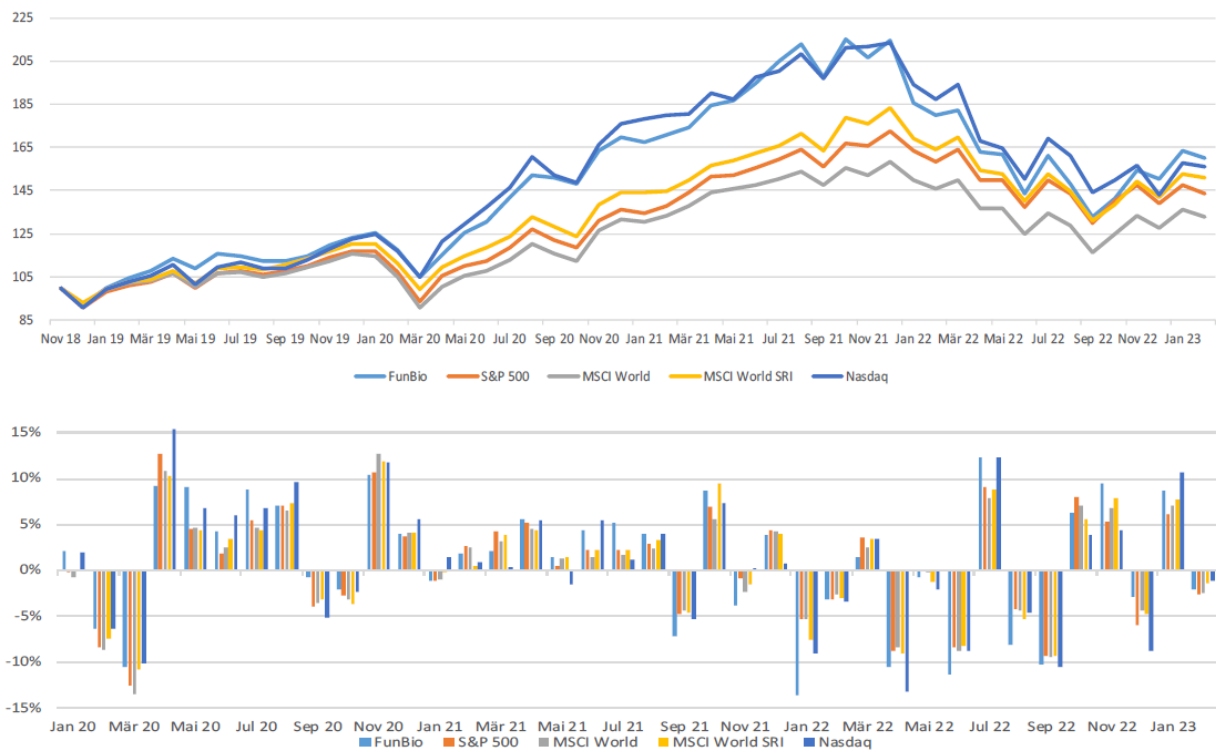


## Monthly gross performance YTD - Benchmark and portfolio



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## Development of equity - comparison with equity indices



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Date	FunBio	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	-6.32%	-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%
Mai 20	9.02%	4.53%	4.63%	4.43%	6.75%
Jun 20	4.24%	1.84%	2.51%	3.47%	5.99%
Jul 20	8.85%	5.51%	4.69%	4.41%	6.82%
Aug 20	7.05%	7.01%	6.53%	7.30%	9.59%
Sep 20	-0.67%	-3.92%	-3.59%	-3.09%	-5.16%
Okt 20	-2.08%	-2.77%	-3.14%	-3.68%	-2.29%
Nov 20	10.38%	10.75%	12.66%	11.94%	11.80%
Dez 20	3.91%	3.71%	4.14%	4.15%	5.65%

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Date	FunBio	S&P 500	MSCI World	MSCI World SRI	Nasdaq
Jan 21	-1.17%	-1.11%	-1.05%	-0.24%	1.42%
Feb 21	1.89%	2.61%	2.45%	0.51%	0.93%
Mär 21	2.14%	4.24%	3.11%	3.78%	0.41%
Apr 21	5.61%	5.24%	4.52%	4.35%	5.40%
Mai 21	1.36%	0.55%	1.26%	1.37%	-1.53%
Jun 21	4.34%	2.22%	1.40%	2.19%	5.49%
Jul 21	5.16%	2.27%	1.72%	2.21%	1.16%
Aug 21	3.92%	2.90%	2.35%	3.36%	4.00%
Sep 21	-7.12%	-4.76%	-4.29%	-4.62%	-5.31%
Okt 21	8.73%	6.91%	5.59%	9.51%	7.27%
Nov 21	-3.80%	-0.83%	-2.30%	-1.53%	0.25%
Dez 21	3.80%	4.36%	4.19%	3.94%	0.69%
Jan 22	-13.63%	-5.26%	-5.34%	-7.56%	-8.98%
Feb 22	-3.09%	-3.14%	-2.65%	-3.05%	-3.43%
Mär 22	1.36%	3.58%	2.52%	3.42%	3.41%
Apr 22	-10.57%	-8.80%	-8.43%	-9.00%	-13.26%
Mai 22	-0.69%	0.01%	-0.16%	-1.25%	-2.05%
Jun 22	-11.34%	-8.39%	-8.77%	-8.19%	-8.71%
Jul 22	12.26%	9.11%	7.86%	8.83%	12.35%
Aug 22	-8.10%	-4.24%	-4.33%	-5.23%	-4.64%
Sep 22	-10.28%	-9.34%	-9.46%	-9.33%	-10.50%
Okt 22	6.27%	7.99%	7.11%	5.53%	3.90%
Nov 22	9.52%	5.38%	6.80%	7.84%	4.37%
Dez 22	-2.83%	-5.90%	-4.34%	-4.78%	-8.73%
Jan 23	8.72%	6.18%	7.00%	7.68%	10.68%
Feb 23	-2.07%	-2.61%	-2.53%	-1.38%	-1.11%