Julius Bär

ONE-PAGER FOR DONORS
30.04.2022

Market comment

The combined impact of pandemic-induced supply bottlenecks and the war in Ukraine has forced the US Federal Reserve and, to a lesser extent, other Western central banks (except the Bank of Japan) to normalise monetary policy abruptly after a decade of financial repression. Starting last November, interest rates have moved straight up, led by the US. From record-low interest-rate levels, this yield reset has triggered the worst bond market rout since bond returns have been recorded. The end of free money has, in turn, triggered a repricing of all risk assets across the entire spectrum. The current economic environment is characterized by high US nominal gross domestic product growth, but activity is slowing. In this context, US inflation should start to slowly roll over. Global bond markets continued their correction on an unprecedented scale. Since peaking last year, before central banks started to reduce their monetary accommodation, the broad Bloomberg Global Aggregate Bond Index lost more than 12% on a total-return basis. The Global Government Bond Index fared even worse, losing 19%, more than the Global High Yield Index, which has fallen 14%. Despite the apparent doom and gloom on the markets, just as US macroeconomic readings remain robust, equities are not pricing in a recession. The S&P 500 touched a key level this week, dipping below the 4,000 mark, which was last visited on the way up in March 2021, just as global liquidity growth was peaking.

Beginning of April we bought AGCO. AGCO manufactures and distributes agricultural machinery and related replacement parts worldwide.
The company is focusing its sustainability efforts on soil health and on soil carbon sequestration, with a commitment to develop new sensors and other technologies to improve soil health. Capturing carbon in the soil and increasing yields is a win-win for farmers and the environment, and AGCO remains committed to developing solutions to capture, measure and implement good soil health practices. Toward the end of April, we finally decided to sell PayPal. We decided to cut the loss and to sell PayPal after its Q1 earnings release. FY guidance was taken down again and the outlook remains uncertain. As well, a near term catalyst for a rerating of the stock is missing. We see better opportunities elsewhere and will reinvest the proceeds as soon as possible.

So far 2022 was not a year for quality and growth companies but rather for so called value companies which are “old economy”. The best performing companies in the best-in-class index were traditional energy stocks, followed by mining and mining

The sole legally binding version is the official report.

equipment as well as other commodity related companies. This made the mandate that excludes those kinds of companies underperform the index.

Looking at the long-term big picture, we see 2022 as the year of the 'Great Reset', the true transition point to the new era of monetary and fiscal policy, and deglobalisation. This is the right time to start preparing portfolios for the new reflationary regime. There are three key elements to keep in mind. First, investors should reconsider their geographical allocation, as financial markets are no longer immune to geopolitical affairs; the risk of capital confiscation has risen significantly since the start of the war in Ukraine. Second, even more emphasis in the portfolio should be put on the allocation to real assets. Third, it is time to steer funds to those companies that should adapt well and profit from the onshoring trend – which includes previously shunned commodity and energy producers.
Fortunately, we can say that past performance is no guidance for future performance. A rapid return to a more neutral level of interest rates is priced in, and credit spreads have widened above their long-term averages. Importantly, the US and European private sectors do not show any sign of endogenous imbalances, such as those seen in 2001 (excessive capital expenditures in the internet sector) or 2008 (excessive housing sector investment). Moreover, inflation should start to roll over as the commodity supply-chain bottleneck effects from the pandemic and the war in Ukraine start to fade. Julius Baer Research does not expect a commodity super cycle, and there is no general physical shortage of commodities.

Portfolio summary

	Month - April 22	**2022**
Initial*	118'092'521.25	134'941'803.12
Deposits	0.00	0.00
Withdrawals	0.00	-3'000'000.00
Result (performance)	-7'437'417.99	-21'286'699.86
Final	**110'655'103.26**	**110'655'103.26**

**31.12.2021 for "2022"; 30.03.2022 for "Month"*

Julius Bär

Allocation per asset class and performance in USD					Benchmark	
Asset class	**Market value**	**%**	**MTD**	**YTD**	**MTD**	**YTD**
Cash and short-term investments	8’784’389.28	7.94%	6.08%	9.89%	-0.01%	-0.11%
Bonds and similar positions	38’495’721.66	34.79%	-1.39%	-5.22%	-4.75%	-11.66%
Equities and similar positions	61’314’127.41	55.41%	-10.57%	-24.13%	-8.68%	-15.02%
Alternative Investments	2’060’864.91	1.86%	0.20%	0.42%	0.07%	0.23%
Total	**110’655’103.26**	**100%**	**-6.30%**	**-15.93%**	**-6.77%**	**-12.84%**

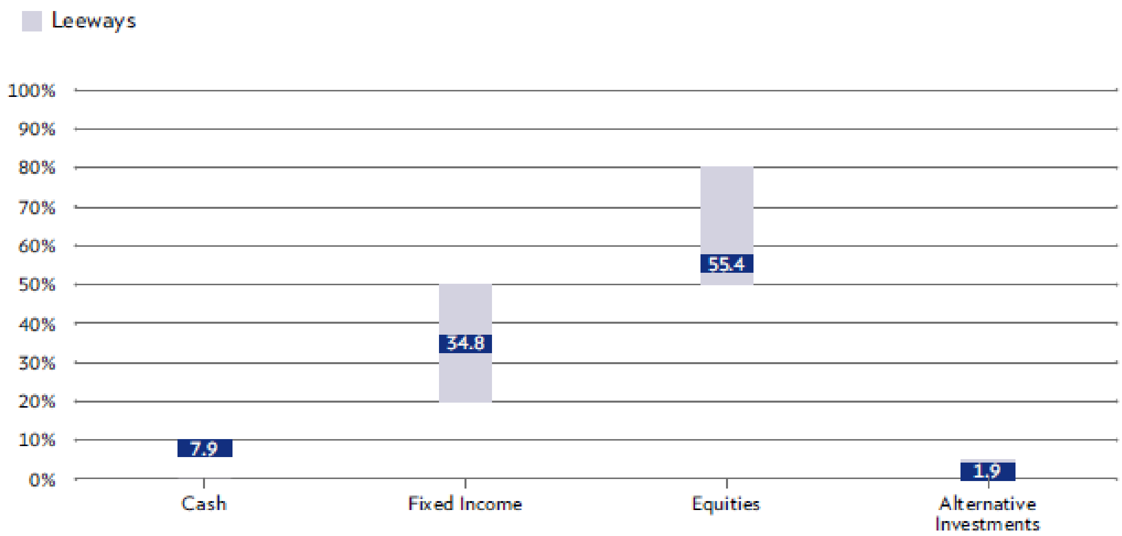
U.S.A. Consumer Price Index (CPI)	
1-month % change (April 22)	0.30%
2022 % change (April 22)	2.95%

Performance			
Month (April 2022)		**Year (2022)**	
Nominal	Real	Nominal	Real
-6.30%	-6.60%	-15.93%	-18.88%

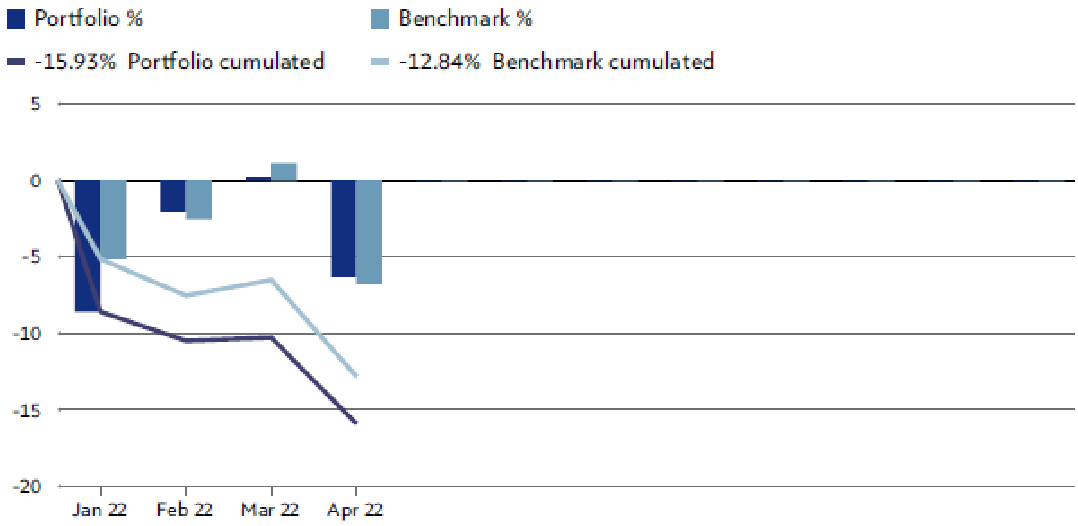
**assuming CPI data from February 2022*

Julius Bär

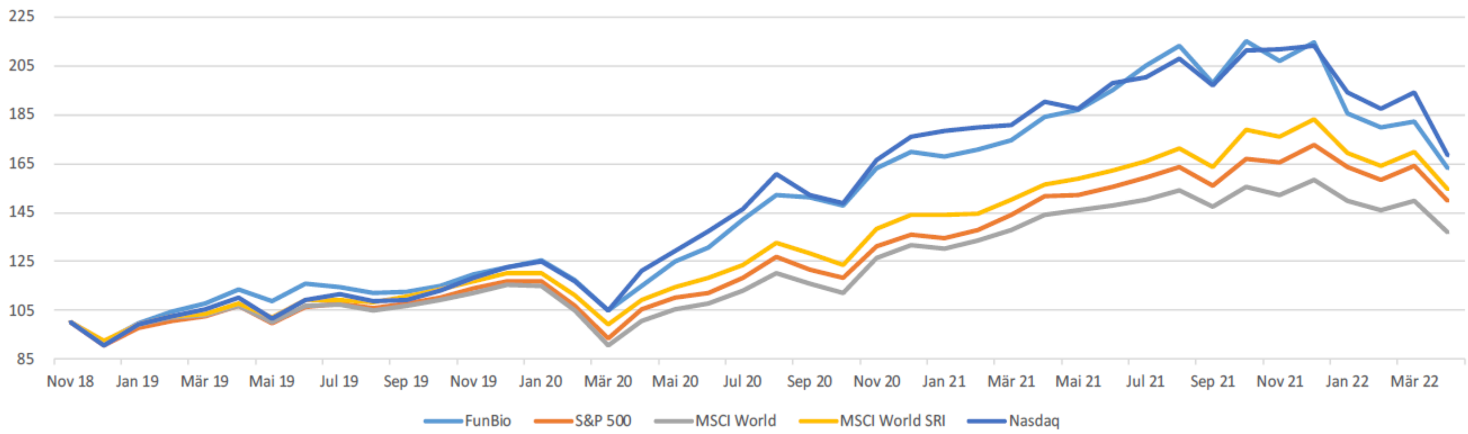
Allocation per asset class

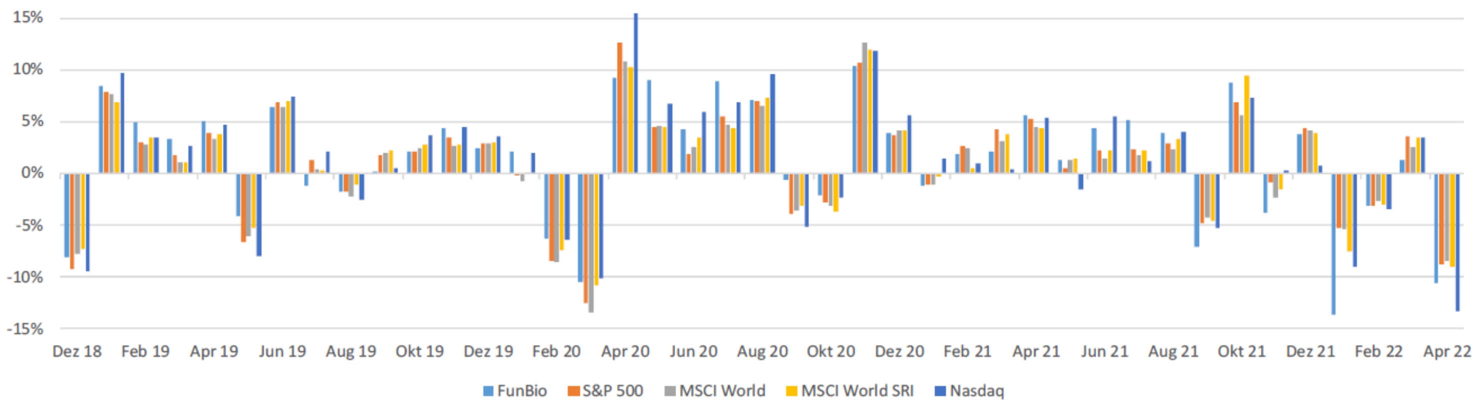


Monthly gross performance YTD - Benchmark and portfolio



Development of equity - comparison with equity indices





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%
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%