Julius Bär

ONE-PAGER FOR DONORS
31.05.2020

Market comment

In most European countries, governments have started to gradually ease the lockdown regime, as coronavirus infection and death rates have slowed down. However, a return to normal is not imminent, as some restrictions are likely to remain in place for weeks or even months to come, keeping a lid on economic activity. Meanwhile, Sino-US trade tensions have also flared up. President Trump has threatened more tariffs if Beijing does not meet the terms of the trade agreement.
Equity markets continued their rebound in May. Many companies reported 1st quarter results, which were in line or above (reduced) market expectations. The uncertainty about the further development of the pandemic and the magnitude and duration of the economic damage induced most companies to reduce or withdraw their guidance for the full year 2020.

On a portfolio level we kept our asset allocation unchanged. The good development of many stocks helped us to achieve a solid absolute and relative performance. One of the strong performers is the online payment solutions provider PayPal, which profited from the pandemic with high volume and net new user growth. We still like the PayPal taking into account the solid fundamentals, but the exceptional performance has induced us to take some profits and reduce the position to a normal portfolio weight.

Since the lows in March world equity markets have recovered a lot of their former losses. Liquidity conditions are still very favorable given the substantial monetary stimulus measures of major central banks. For now, markets will remain focused on recent significant progress in reducing the rate of coronavirus infections and on the gradual reopening of closed economic sectors.
In any case, it is clear that the massive injections of liquidity have opened a wide gap between financial assets and the real economy. This gap can be closed in three ways: either the economic recovery is miraculously robust and Covid-19 turns out to be only a brief nightmare (unlikely) or markets consolidate their recent gains, reflecting the so far uncompensated damages to the private sector (likely). Our best-guess scenario for the medium term is that the gap persists until governments make a political choice between deflation and inflation.

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 - May 20	2020
Initial*	93’090’999.32	104’557’338.49
Deposits	0.00	0.00
Withdrawals	0.00	-10’000’000.00
Result (performance)	5’177’716.98	3’711’377.81
Final	**98’268’716.30**	**98’268’716.30**

**31.12.2019 for "2020"; 30.04.2020 for "Month"*

Allocation per asset class and performance in USD					Benchmark	
Asset class	**Market value**	**%**	**MTD**	**YTD**	**MTD**	**YTD**
Cash and short-term investments	2’149’916.64	2.19%	-0.39%	8.71%	0.08%	0.85%
Bonds and similar positions	32’928’943.38	33.51%	1.06%	5.95%	1.20%	2.65%
Equities and similar positions	59’160’488.23	60.20%	9.02%	1.95%	4.63%	-5.60%
Alternative Investments	4’029’368.05	4.10%	0.50%	0.09%	0.16%	1.27%
Total	**98’268’716.30**	**100%**	**5.56%**	**3.72%**	**3.18%**	**-2.25%**

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

1-month % change (May 20)	-0.05%
2020 % change (May 20)	-1.03%

Performance

Month (May 20)		Year (2020)	
Nominal	Real	Nominal	Real
5.56%	5.61%	3.72%	4.75%

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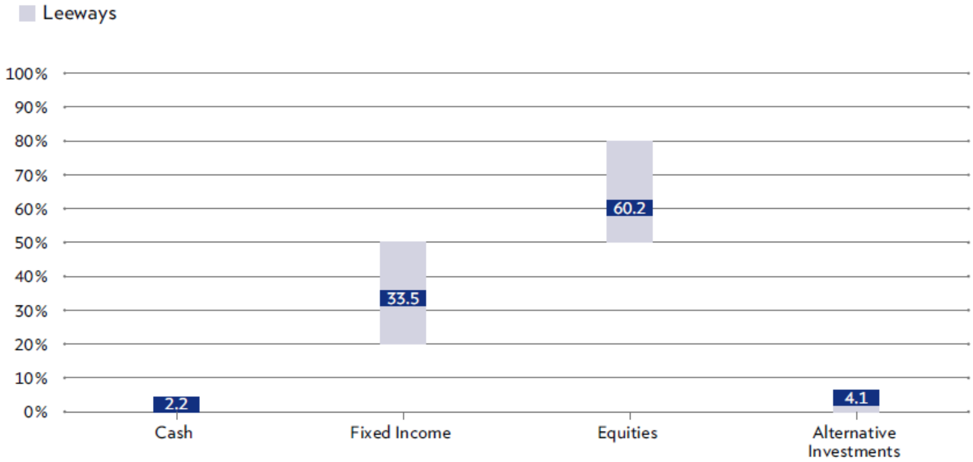
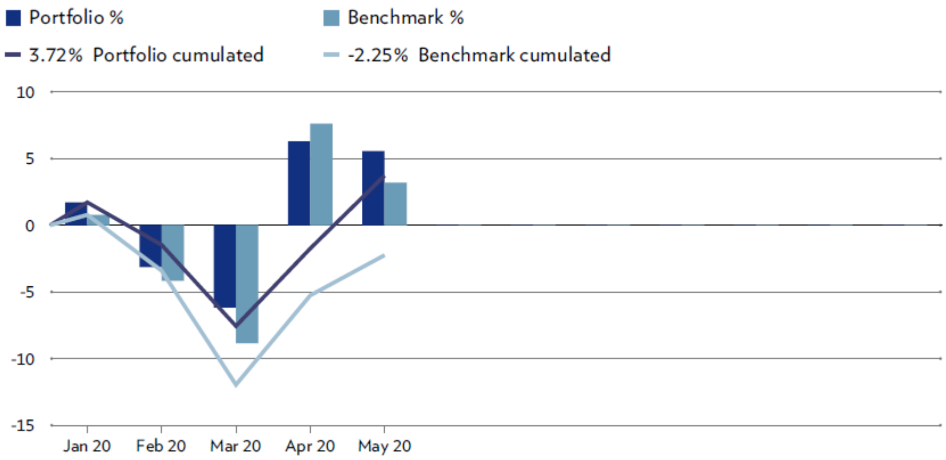
Allocation per asset class



Monthly gross performance YTD - Benchmark and portfolio



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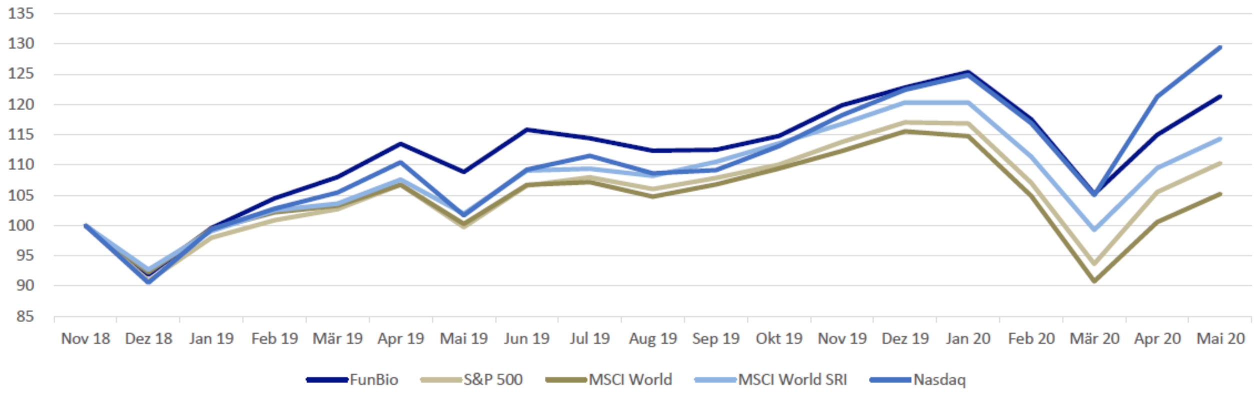
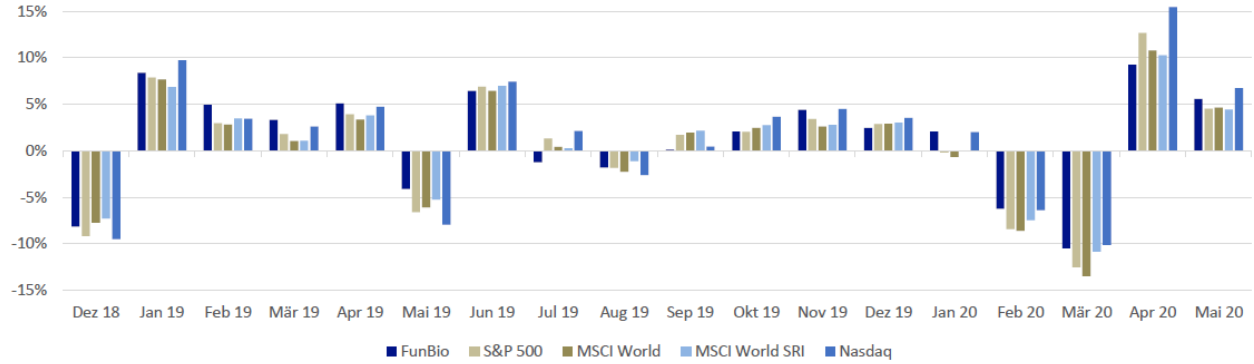
Development of equity - comparison with equity indices





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	-6.23%	-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%
Mai 20	5.56%	4.53%	4.63%	4.43%	6.75%