

Julius Bär

ONE-PAGER FOR DONORS

30.06.2023

Market comment

Stock markets took another step forward in climbing the wall of worry as the debt ceiling agreement was passed by the Senate on 1 June. The Magnificent 7 tech stocks dominated the rally, triggering fears of a mega-cap bubble. However, this time, the surge was not driven by lower interest rates but by improved fundamentals. The US Federal Reserve (Fed) paused its monetary tightening campaign mid-month but strengthened its hawkish tone. The robust economic data observed towards month-end indicated that the cooling of the economy and the job market is proving more difficult than expected. US Treasury bond yields advanced steadily over the month. On the face of it, H1 2023 was dominated by one crisis after another, with stubbornly sticky inflation, the banking sector turmoil and the debt ceiling saga dominating the news. Yet at this halfway point, stock markets have behaved remarkably well and investor sentiment has turned increasingly upbeat. It was the turn of chipmakers and AI enablers to take the spotlight, heralding a continuation of the bull market in June. In fixed income markets, 2- and 10-year US Treasury bond yields climbed to their highest levels since March.

In June we made several changes to our holdings. First, we shifted our healthcare exposure away from life sciences tools towards big pharma companies by selling Merck KGaA and investing in AstraZeneca. From a sustainability point of view, AstraZeneca is strongly committed to reducing global warming and fits well into our social topic “health”. Early June we divested from DSM-Firmenich. Even though the new company was expected to target annual run-rate synergies of EUR 350m in operating profits (EBITDA) and an increase of EUR 500m in annual sales, DSM-Firmenich reported a weak first quarter, which contributed to us losing confidence in DSM’s outlook. We reinvested the proceeds into Ecolab, the leading global provider of cleaning and water treatment chemicals. Finally we did some rebalancing in well performing holdings and continued to prolongue the duration on the bond side.

The US economy continues to show resilience, but we expect monetary conditions to lead to a cooling in the labour market and a further drop in inflation, although possibly not in a linear fashion. We believe that, in the long run, Western policymakers will be comfortable with an average inflation rate of around 3%, versus 2% previously, which favours real assets at the expense of nominal assets (i.e. equities over bonds). While the European Central Bank has reiterated that it is far too early to finish hiking interest rates, the Fed tightening cycle is in a very late innings, as it evaluates the economy’s lagged reaction to the already implemented

The sole legally binding version is the official report.

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rate hikes. Despite the biggest and fastest tightening cycle in the Fed's history, we see no evidence of an imminent recession. The S&P 500 is now officially back in bull market territory and sentiment indicators have turned bullish. While this leaves the market vulnerable to a short-term correction, we believe the case for a continuation of the secular bull market in equities remains intact. Within Sustainability Mandates we continue to support the energy transition and are well positioned to benefit from political and regulatory actions. On 13 June, the European Commission (EC) published new measures on Sustainable Finance to build on and strengthen the foundation of the EU Sustainability Framework.

Portfolio summary

	Month - June 23	2023
Initial*	96'489'571.18	98'072'592.73
Deposits	0.00	0.00
Withdrawals	-1'500'000.00	-7'500'000.00
Result (performance)	2'356'754.34	6'773'732.79
Final	97'346'325.52	97'346'325.52

*31.12.2022 for "2023"

Allocation per asset class and performance in USD

Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	4'715'003.82	4.84%	-5.14%	-34.26%	0.43%	2.26%
Bonds and similar positions	33'487'958.80	34.40%	-0.61%	1.26%	0.25%	3.22%
Equities and similar positions	56'983'059.20	58.54%	5.36%	12.43%	6.17%	18.13%
Alternative Investments	2'160'303.70	2.22%	0.49%	2.75%	0.51%	2.78%
Total	97'346'325.52	100%	2.54%	7.25%	3.82%	11.96%

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

1-month % change (June 23)	0.20%
2023 % change (June 23)	1.62%

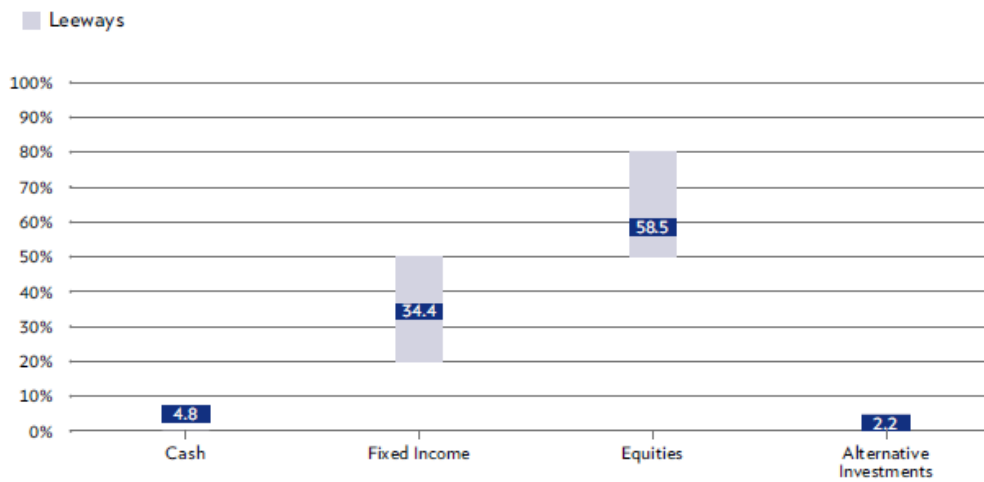
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Performance

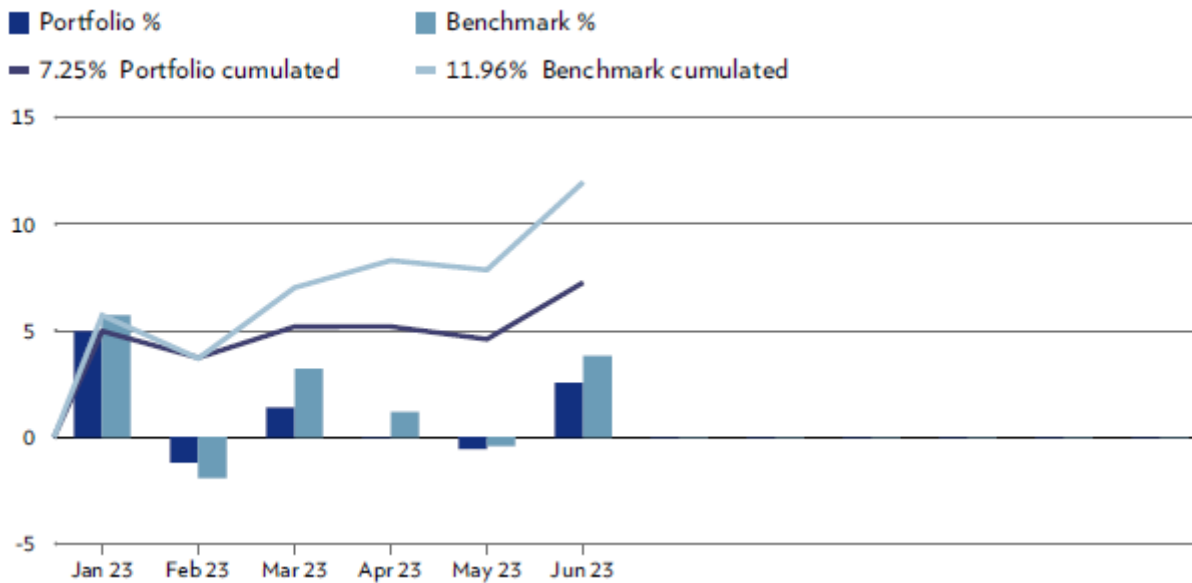
Month (June 2023)		Year (2023)	
Nominal	Real	Nominal	Real
2.54%	2.34%	7.25%	5.63%

*assuming CPI data from June 2023

Allocation per asset class

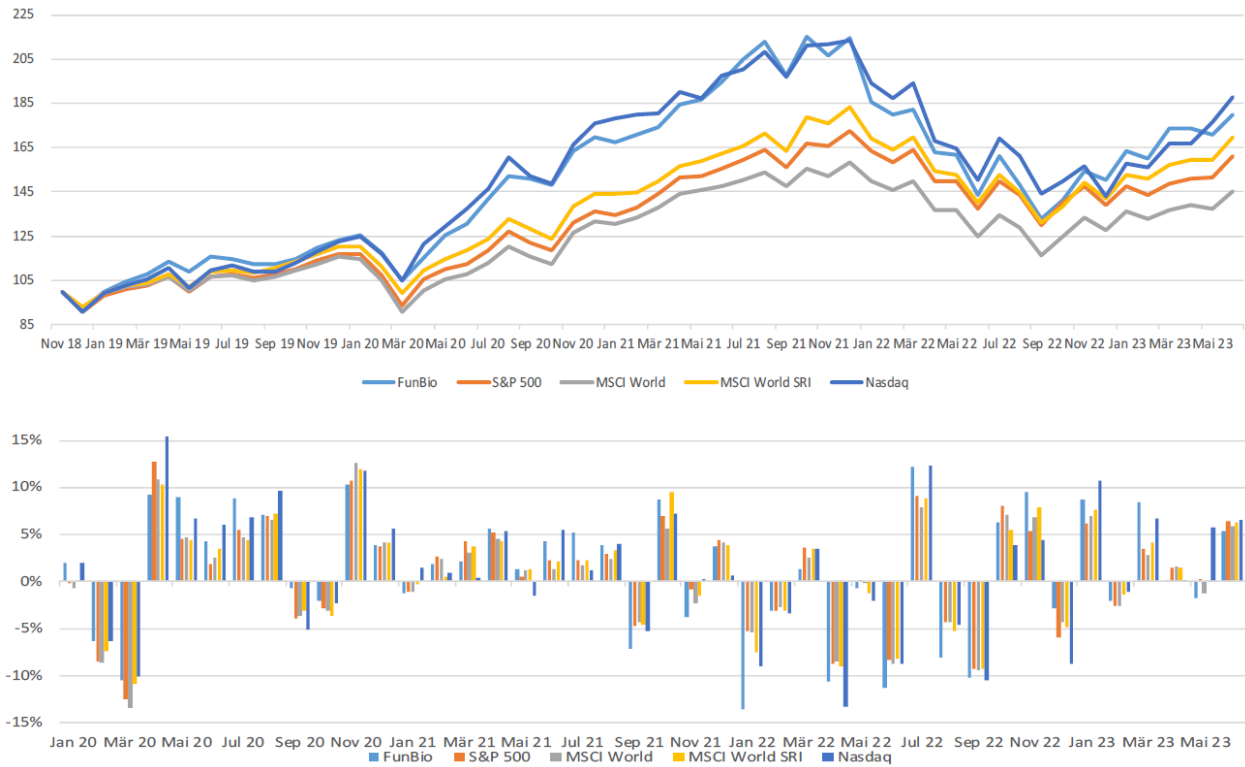


Monthly gross performance YTD - Benchmark and portfolio



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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%

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Date	FunBio	S&P 500	MSCI World	MSCI World SRI	Nasdaq
Jan 23	8.72%	6.18%	7.00%	7.68%	10.68%
Feb 23	-2.07%	-2.61%	-2.53%	-1.38%	-1.11%
Mär 23	8.50%	3.51%	2.83%	4.13%	6.69%
Apr 23	0.12%	1.46%	1.59%	1.53%	0.04%
Mai 23	-1.76%	0.25%	-1.25%	0.03%	5.80%
Jun 23	5.36%	6.47%	5.93%	6.28%	6.59%