

Julius Bär

ONE-PAGER FOR DONORS
31.07.2022

Market comment

July brought a rally. We know from experience that bear markets are characterized by extremely violent rallies. In July, the European Central Bank finally opted for a 50-basis point (bps) rate hike, while the US Federal Reserve (Fed) followed up with an additional 75 bps. The S&P 500 gained +9.1%, the Nasdaq 100 +12.6%. Growth stocks that were most affected by the express normalization of interest rates came back strong in this rally. Interest rates fell, with the US 10-year Treasury yield falling from 3.01% to 2.65%. This allowed US Treasuries to rise by +1.5%. It must be said that the central bank's very firm speech has allowed average five-year inflation expectations in five years from today to remain well anchored at 2.4%. Commodities declined by a few percent on average, with oil returning -6.8% down (WTI crude oil front-month future) and gold -2.3% closing at USD 1766 after flirting with the 1680 level.

During the last monthly call, we highlighted the importance of the second-quarter earnings season. Therefore, we were also holding back from doing any transactions since we wanted to learn first about the companies H2 guidance. Since then, the reporting of the major US information technology (IT) platforms have proved reassuring. However, the market is concerned about the impact of inflation on business costs. In the economy, one party's expenses are another's income. If there is cost inflation, there is also revenue inflation. Companies that suffer from cost inflation without benefiting from revenue inflation are obviously very vulnerable. At this stage, this does not seem to affect the US market as a whole and hence the current portfolio holdings. From the portfolio companies that reported in June, 80% had a beat in expectation, 10% were in-line with expectations and only 10% were announcing a rather weaker than expected result or outlook. Certainly, given the uncertainties, companies are guiding cautiously, but profits are showing resilience. However, most of the holdings will report in the first half of August.

We believe that inflation will moderate to a new normal of 3% plus (instead of 2% and below during the neoliberal era). The current surge in inflation is largely due to factors beyond the control of central banks: the energy transition, the impact of the geopolitical situation on the supply of raw materials, and the excessive fiscal stimulus of the Biden administration. Important structural deflationary forces, such as demographics and technological progress (including the energy transition in the long run) remain. On the macroeconomic policy side, there is a lot of talk about monetary tightening and much less about fiscal tightening, which is at its highest

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level since 1947 in the US. We are therefore heading towards a world with a little more inflation structurally, which will favor real assets that better protect investors against it. On the other hand, cash is not an option. Quality growth large caps are the most profitable franchises in the market and also the least sensitive to economic conditions.

Portfolio summary

	Month - July 22	2022
Initial*	101'918'889.42	134'941'803.12
Deposits	0.00	0.00
Withdrawals	-1'500'000.00	-6'000'000.00
Result (performance)	7'282'942.51	-21'239'971.19
Final	107'701'831.93	107'701'831.93

*31.12.2021 for "2022"; 30.06.2022 for "Month"

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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	10'578'238.30	9.82%	2.79%	1396.00%	0.07%	0.00%
Bonds and similar positions	36'846'445.49	34.21%	1.66%	-4.18%	3.62%	-10.76%
Equities and similar positions	58'208'847.43	54.05%	12.26%	-25.10%	8.34%	-16.26%
Alternative Investments	2'068'300.71	1.92%	0.05%	0.78%	0.16%	0.58%
Total	107'701'831.93	100%	7.23%	-15.73%	6.21%	-13.22%

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

1-month % change (July 22)	0.00%
2022 % change (July 22)	5.25%

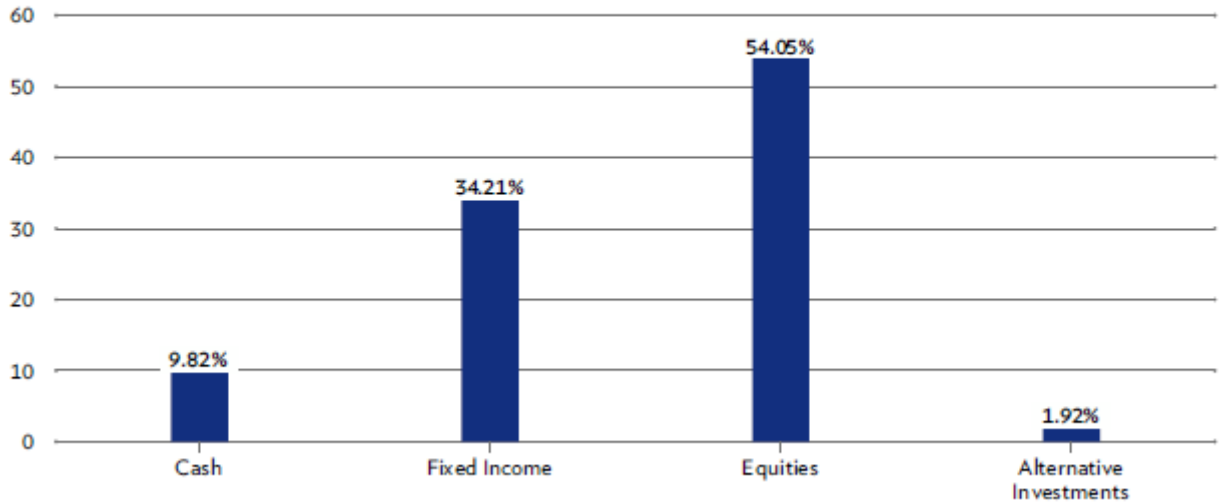
Performance

Month (July 2022)		Year (2022)	
Nominal	Real	Nominal	Real
7.23%	7.23%	-14.18%	-20.98%

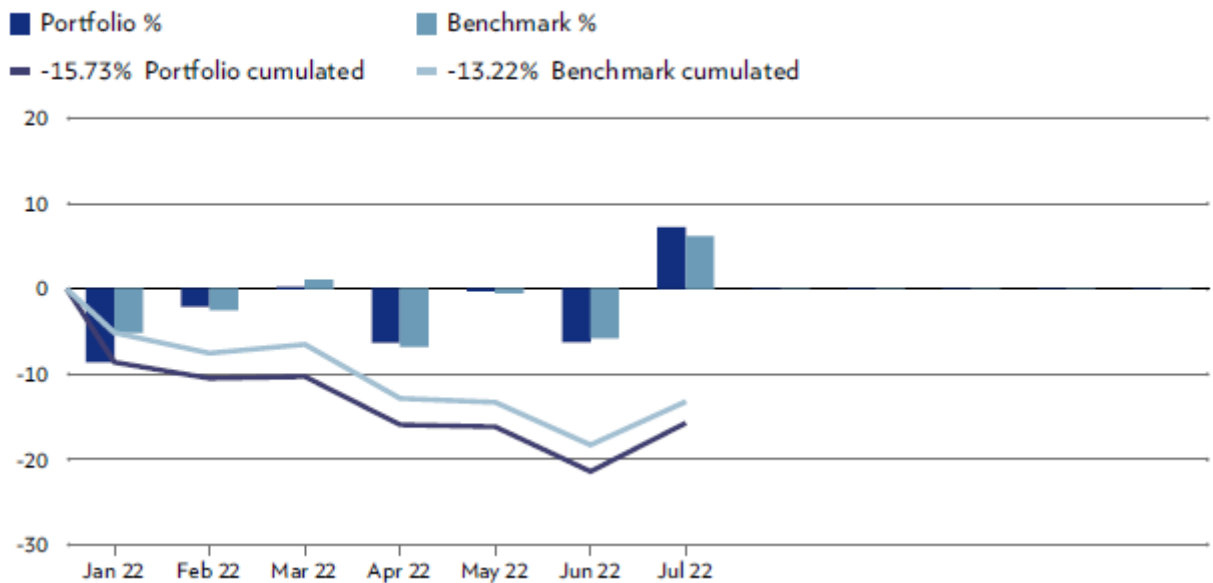
*assuming CPI data from July 2022

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Allocation per asset class

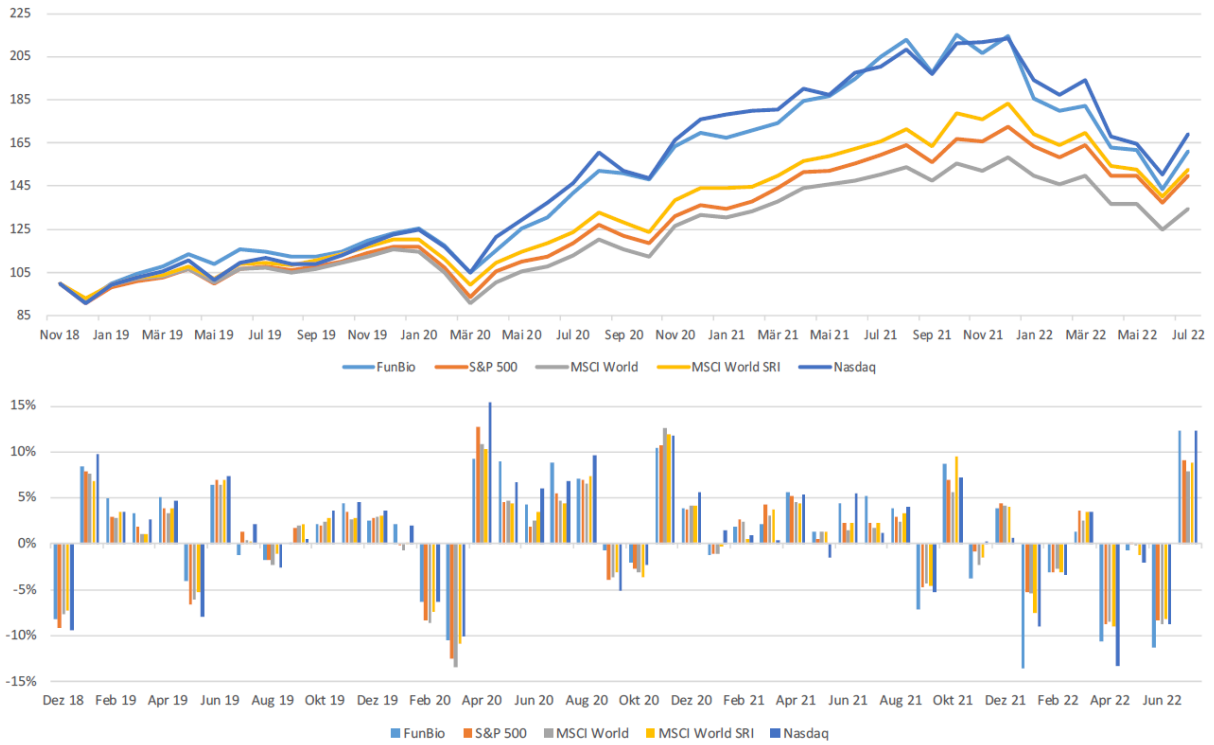


Monthly gross performance YTD - Benchmark and portfolio



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Development of equity - comparison with equity indices



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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%
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%