

Julius Bär

ONE-PAGER FOR DONORS

30.09.2021

Market comment

Concerns about the consequences of the reduction in asset purchases announced by the Federal Reserve, growing fears of a slowdown in economic growth, elevated inflation, supply-chain bottlenecks and regulatory risks emanating from China weighed on investor sentiment during September. Since the beginning of the year, the real US 10-year yield has risen from -1.1% at the beginning of January to -0.6% at the end of March, before falling back to -1.2% in midsummer. Since then, it has been fluctuating in a narrow corridor between -1% and -1.1%. Last week's Federal Open Market Committee meeting gave the Federal Reserve the opportunity to adjust its communication and prepare the markets for the phase of reducing bond purchases, which is scheduled to begin in November and end entirely in mid-2022.

The ups and downs of long-term interest rates set the pace of the equity markets in the first three quarters of 2021. The year started with a pronounced outperformance of the value sector before quality and growth stocks made a strong comeback between April and August. The rise in 10-year US Treasury bond yields from 1.3% to 1.55% within a few days triggered another sharp rotation into value stocks and developed equity markets recorded their first monthly decline since January 2021.

Given the shift to value stocks for the second time this year, the portfolio was negatively affected as value stocks are rarely sustainable. We therefore underperformed the benchmark during the month of September by 1.4%. However, the portfolio still outperforms by 2.22% for the year. In light of the recent interest turbulences, we kept the duration rather short with 3.94 years, awaiting further stabilization. The purchase/increase of two bonds did not add any duration to the portfolio. There was no transaction on the equity side.

Contrary to the consensus, we do not believe that the reason for the reduction in monetary stimulus is goods and services inflation, but rather inflation in real estate and financial asset prices. The primary objective of central banks in the developed world is indeed financial stability. Structurally, however, we still do not believe that their increase can be sustained. It may be sustainable in the future, but the conditions for structural reflation are far from being in place. We recommend maintaining a neutral overall factor exposure by combining quality and growth stocks (which always form the body of a portfolio) with US financials and small caps that benefit from the steepening of the US yield curve.

The sole legally binding version is the official report.

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Portfolio summary

	Month - September 21	2021
Initial*	124'280'697.67	117'447'258.83
Deposits	0.00	0.00
Withdrawals	0.00	0.00
Result (performance)	3'215'444.65	10'048'883.49
Final	128'664'596.22	128'664'596.22

*31.12.2020 for "2021"; 31.08.2021 for "Month"

Allocation per asset class and performance in USD

Asset class	Market value	%	MTD	YTD	Benchmark	
					MTD	YTD
Cash and short-term investments	8'341'418.06	6.48%	0.86%	2.81%	0.00%	0.05%
Bonds and similar positions	41'414'727.19	32.19%	-0.53%	-0.99%	-1.10%	-1.47%
Equities and similar positions	76'865'905.77	59.74%	-7.12%	16.60%	-4.53%	13.64%
Alternative Investments	2'042'545.20	1.59%	0.24%	1.83%	0.08%	0.80%
Total	128'664'596.22	100%	-4.48%	9.81%	-3.07%	7.59%

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

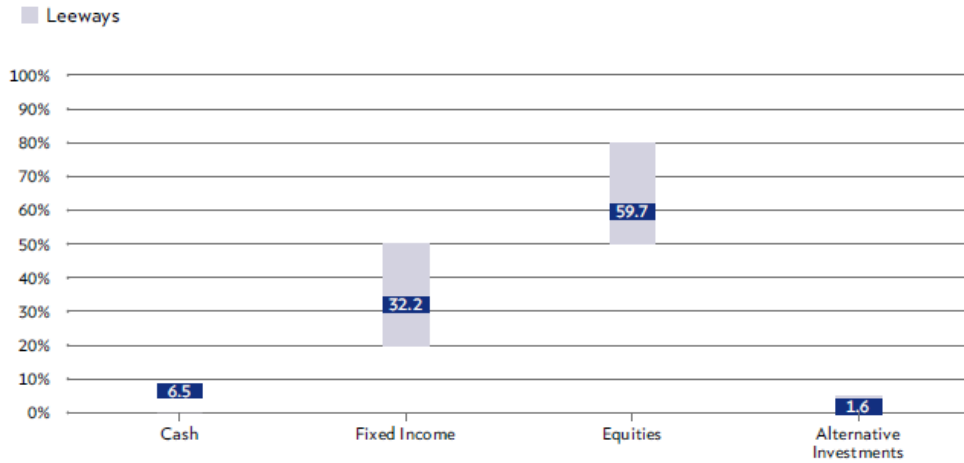
1-month % change (September 21)	0.41%
2021 % change (September 21)	4.81%

Performance

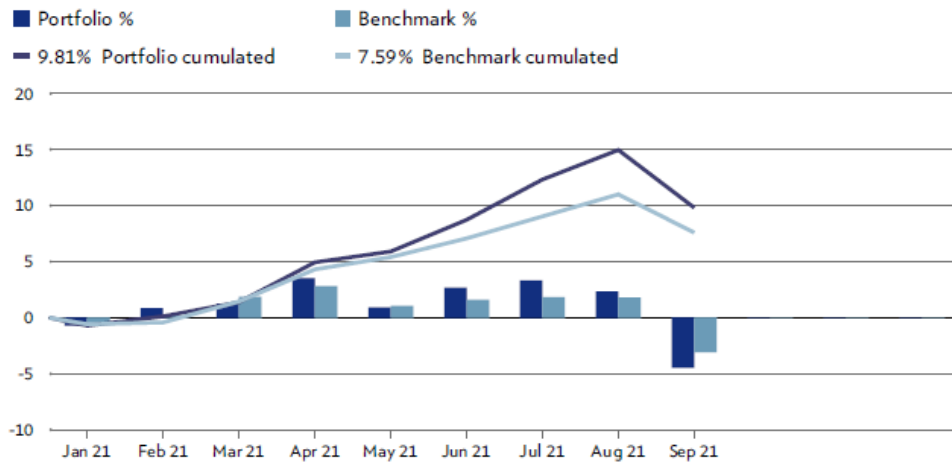
Month (September 21)		Year (2021)	
Nominal	Real	Nominal	Real
-4.48%	-4.89%	9.81%	5.00%

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Allocation per asset class

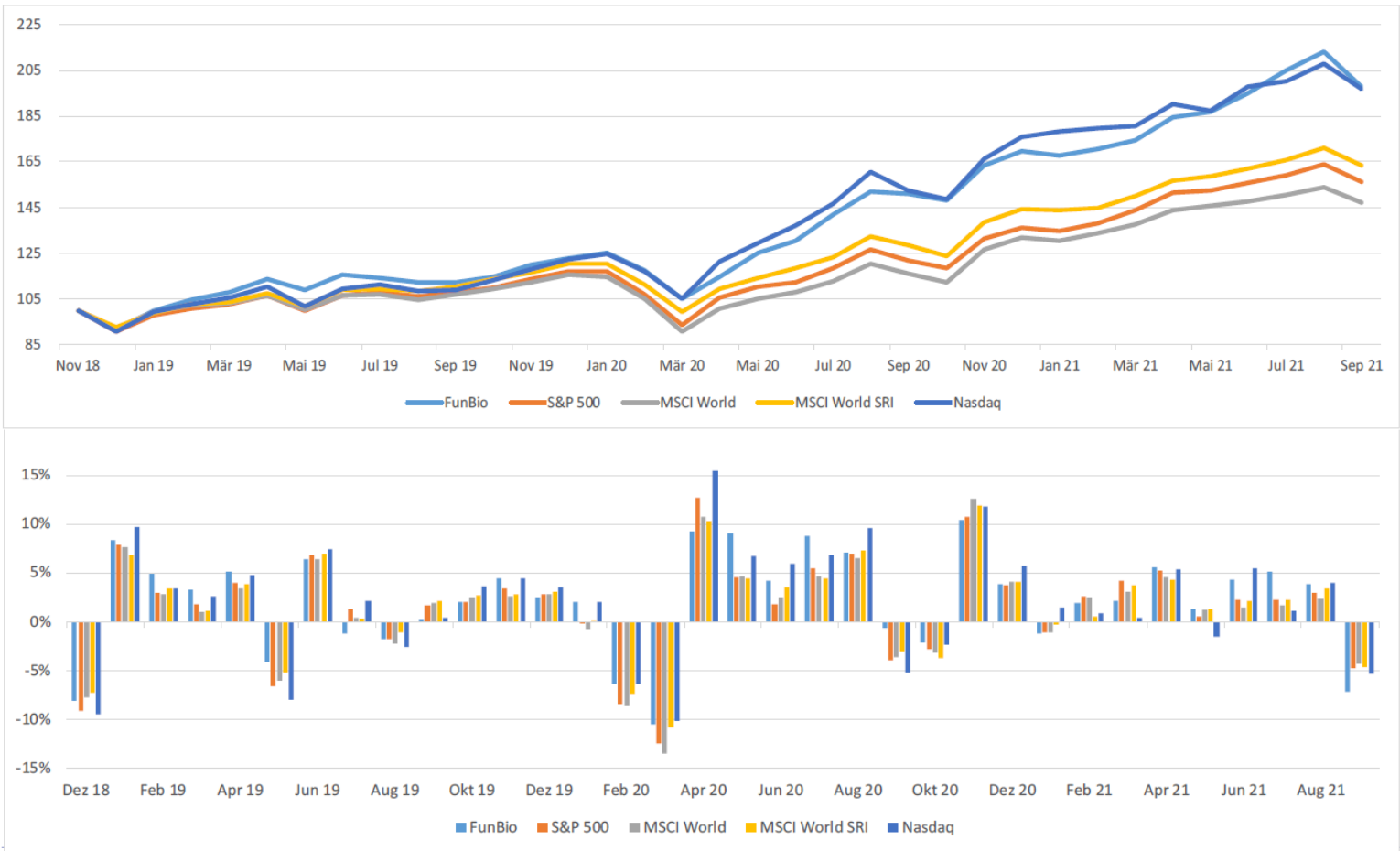


Monthly gross performance YTD - Benchmark and portfolio



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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%