

Julius Bär

ONE-PAGER FOR DONORS

31.10.2021

Market comment

The corporate reporting season for the third quarter is in full swing. More than 80% of the companies that have already reported earnings have exceeded consensus expectations. At a sector level, oil & gas, materials, and industrial companies, in particular, have recorded strong earnings growth. US equities have reacted positively to recent earnings reports, with a number of indices hitting new all-time highs despite rising inflation expectations. In Europe, equities have lagged slightly behind their US counterparts. On the fixed income side, US Federal Reserve (Fed) Chair Jerome Powell is fighting on several fronts. Powell must control some of the regional Fed Presidents who openly call for a rapid normalisation of monetary policy. Furthermore, he faces allegations of improper personal account activities by himself and several other Fed officials. With this in mind, it is more challenging than usual to predict the Fed's next steps. However, it is fair to say that the US economy is in a better position to cope with higher energy prices than the European. Meanwhile, yields on 10-year US Treasury bonds and German bunds continued to rise, reaching their highest level since May.

During the reporting season, most of the portfolio holdings showed solid results and confirmed their full year guidance. However, a few companies had to take down their full year guidance, such as Vestas, because of the ongoing constraints on the supply chains. This cautious outlook led to a share price correction for the concerned companies. Given that we see this supply chain issues only as temporary and the forward-looking business of those companies will keep them ahead of their competitors, we do not change our investment case for those companies.

We are confident that the recent spike in energy prices is only temporary and that price pressures will ease in the coming months. In any case, monetary policy can hardly address an inflation spike caused by supply bottlenecks other than by triggering a sharp slowdown through the indirect channel of asset prices. Overall, the economy is in firm expansion mode, and we do not see any imbalances or serious mispricings. The latest equity market drawdown beginning of October has to be put into a historical context. Overall, the correction is healthy and should extend the bull market.

Portfolio summary

| | Month - October 21 | 2021 |
|----------------------|-----------------------|-----------------------|
| Initial* | 128'664'596.22 | 117'447'258.83 |
| Deposits | 0.00 | 0.00 |
| Withdrawals | 0.00 | 0.00 |
| Result (performance) | 6'545'644.90 | 17'762'982.29 |
| Final | 135'210'241.12 | 135'210'241.12 |

*31.12.2020 for "2021"; 30.09.2021 for "Month"

The sole legally binding version is the official report.

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Allocation per asset class and performance in USD

| Asset class | Market value | % | Allocation per asset class and performance in USD | | Benchmark | |
|---------------------------------|-----------------------|-------------|---|---------------|--------------|---------------|
| | | | MTD | YTD | MTD | YTD |
| Cash and short-term investments | 8'490'627.07 | 6.28% | 0.97% | 3.81% | 0.00% | 0.05% |
| Bonds and similar positions | 41'118'823.01 | 30.41% | -0.59% | -1.58% | -0.06% | -1.52% |
| Equities and similar positions | 83'556'047.46 | 61.80% | 8.73% | 26.78% | 8.78% | 23.62% |
| Alternative Investments | 2'044'743.58 | 1.51% | 0.11% | 1.94% | 0.08% | 0.89% |
| Total | 135'210'241.12 | 100% | 5.09% | 15.40% | 5.25% | 13.24% |

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

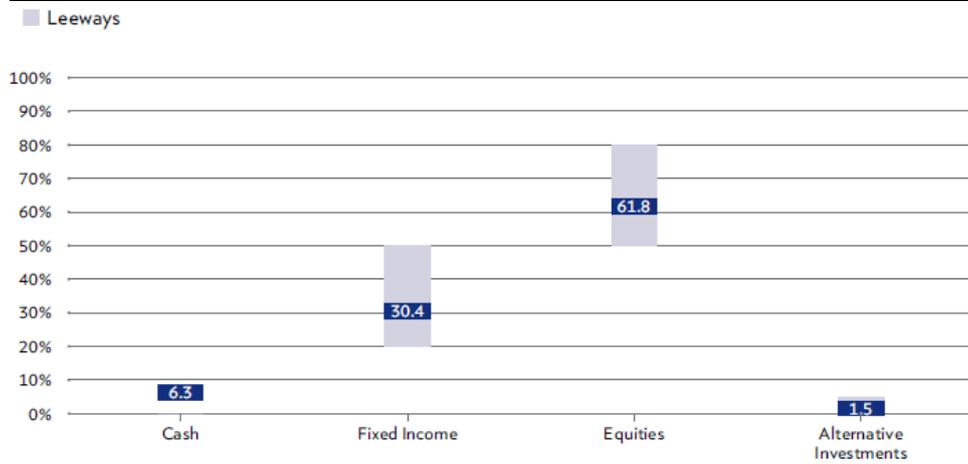
| | |
|-------------------------------|-------|
| 1-month % change (October 21) | 0.94% |
| 2021 % change (October 21) | 5.80% |

Performance

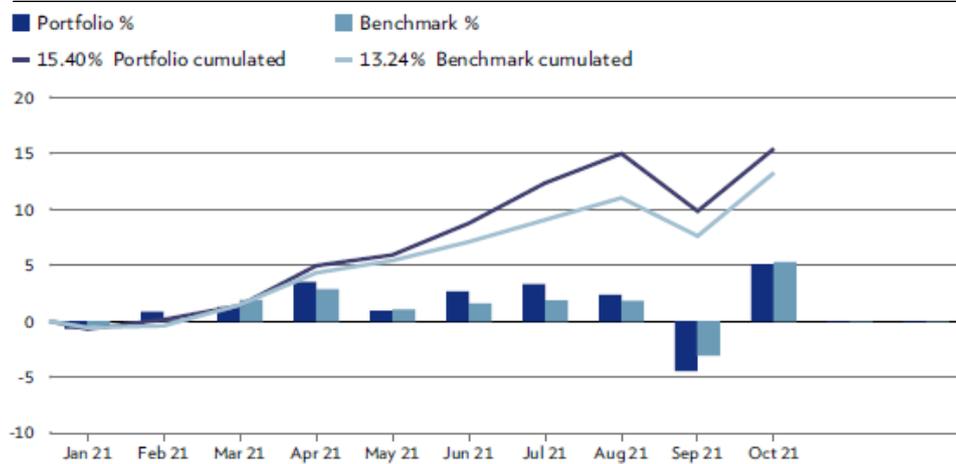
| Month (October 21) | | Year (2021) | |
|--------------------|-------|-------------|-------|
| Nominal | Real | Nominal | Real |
| 5.09% | 4.15% | 15.40% | 9.60% |

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Allocation per asset class

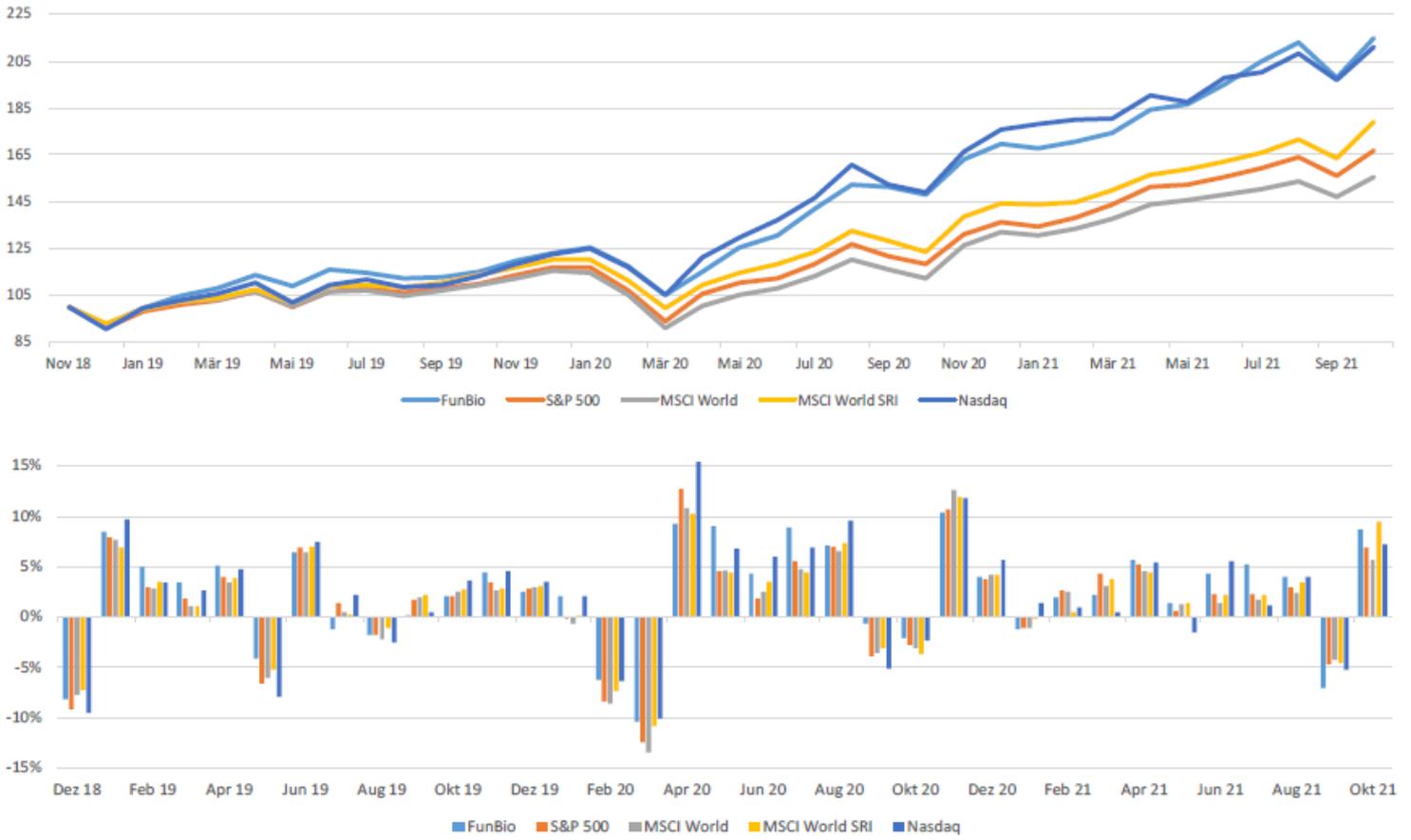


Monthly gross performance YTD - Benchmark and portfolio



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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% |