

Julius Bär

ONE-PAGER FOR DONORS

31.10.2022

Market comment

The third-quarter earnings season were in full swing. Eagerly awaited, investors hoped to find out whether the epicentre of this year's market rout will eventually shift from a contraction in valuation multiples to a deterioration in earnings.

In fact, S&P 500 earnings have proved resilient so far this year, with the oil & gas sector being a major positive contributor. Earnings misses are largely concentrated in cyclical sectors, but overall numbers and expectations continue to support our bottoming scenario as we approach the end of the earnings season. Earnings are key to validate our thesis that the 13 October opening level of the S&P 500 at 3,490 points was the bottom of the decline in 2022. While 2022 has been a devastating year for financial assets in general, bonds have been particularly affected due to persistent price pressures across economies and the resulting rise in policy rates engineered by central banks worldwide. In fact, data from Global Financial Data, a California-based provider of historical financial data going back 250 years, shows that 10-year US Treasury bonds are experiencing their worst year since 1788. In other words, this is the worst crisis in centuries, not decades.

Mid October we decided to buy shares in UnitedHealth Group Inc. UnitedHealth Group Incorporated owns and manages organized health systems. UnitedHealth Group (UNH) for all our Sustainability Mandates. UnitedHealth Group (UNH) is the world's largest healthcare company by revenue, offering a diversified array of health benefit plans through its UnitedHealthcare (UHC) segment and various health services through its Optum line of business. UNH's market leading position should provide a hedge against inflation pressures and a slowing economy. In addition, their robust cost control, pricing power, strong free cash flow generation and positive exposure to rising rates should also prove beneficial in these volatile markets. In terms of sustainability the company has several initiatives aimed at advancing health equality as well as credible net-zero greenhouse gas emission targets.

Despite the tremendous loss in wealth, US real GDP growth was positive in the third quarter. Yes, consumption is slowing, but it is not a surprising phenomenon given the goods consumption bubble which characterised the previous year. The labour market continues to show remarkable strength, which is, in our opinion, the determining factor underlining the overall resilience of the system. The quality premium in the equity markets has now been reduced to historically low levels. One of two things is Possible in the future. Either we will avoid a US recession and large quality stocks will participate in the market rebound. Or the US economy falls into

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recession, yield curves invert, and quality stocks, which are more resistant during recessions, should fall less than the market, as the quality premium rises. For the time being we do not change our Asset allocation but could think of increasing the equity quota once the earnings season is fully over.

Portfolio summary

	Month - October 22	2022
Initial*	95'419'624.35	134'940'886.46
Deposits	0.00	0.00
Withdrawals	-1'500'000.00	-9'000'000.00
Result (performance)	2'995'936.98	-29'025'325.48
Final	96'915'561.33	96'915'560.98

*31.12.2021 for "2022"; 30.09.2022 for "Month"

Allocation per asset class and performance in USD					Benchmark	
Asset class	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	7'818'010.41	8.07%	-0.71%	21.25%	0.23%	0.52%
Bonds and similar positions	34'960'839.29	36.07%	-0.18%	-8.16%	-0.74%	-18.64%
Equities and similar positions	52'053'413.43	53.71%	6.27%	-34.39%	5.92%	-23.73%
Alternative Investments	2'083'297.84	2.15%	0.21%	1.52%	0.28%	1.33%
Total	96'915'560.97	100%	3.19%	-21.74%	3.33%	-20.29%

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

1-month % change (October 22)	0.40%
2022 % change (October 22)	6.15%

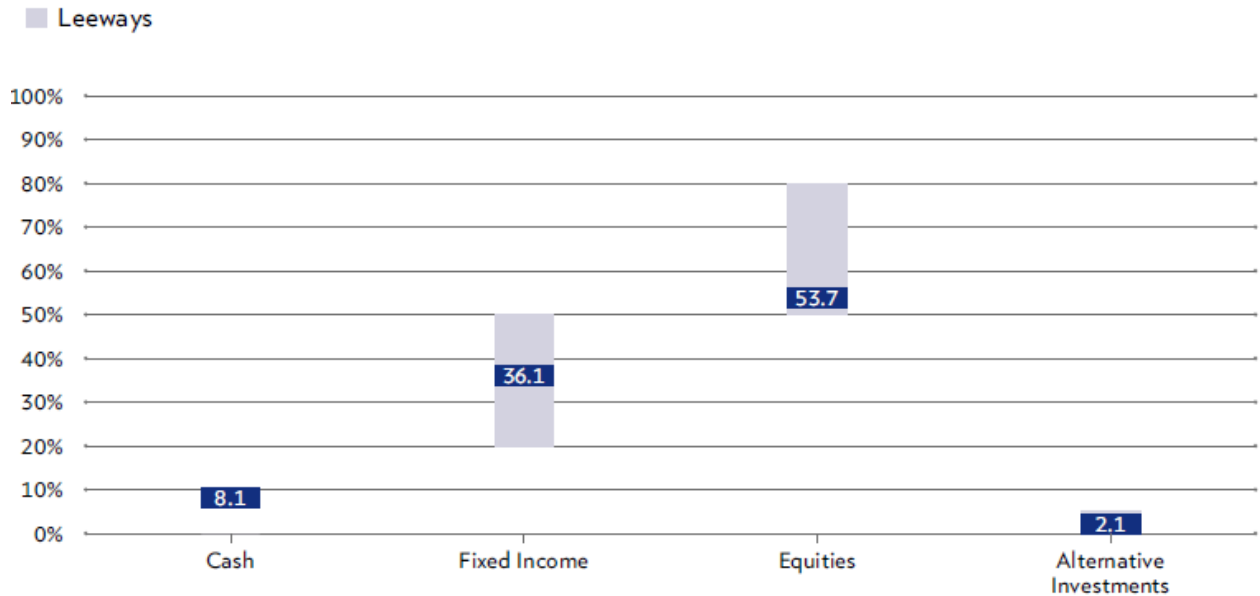
Performance

Month (October 2022)		Year (2022)	
Nominal	Real	Nominal	Real
3.19%	2.79%	-21.74%	-27.89%

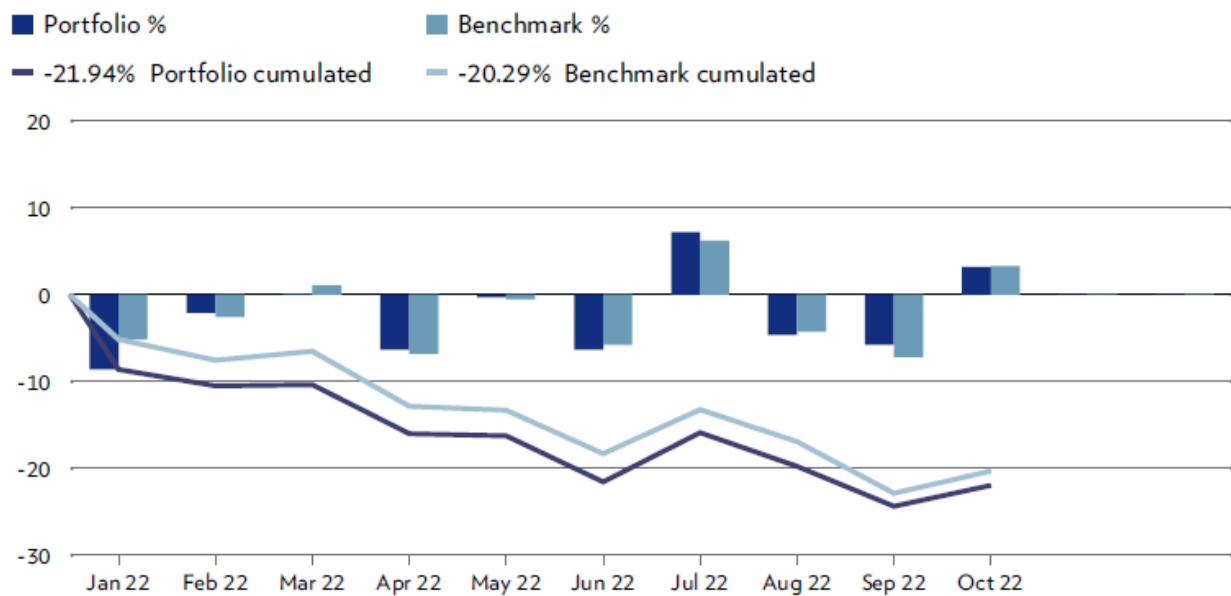
*assuming CPI data from October 2022

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Allocation per asset class

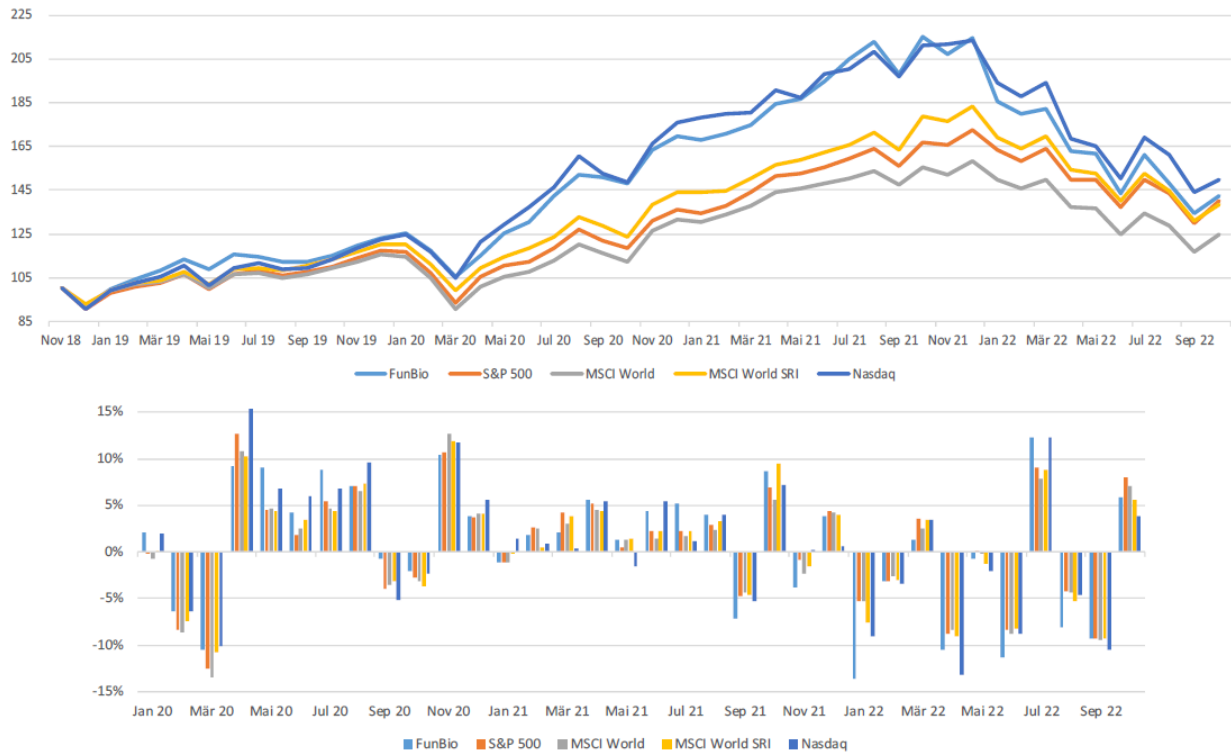


Monthly gross performance YTD - Benchmark and portfolio



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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%

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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	-9.29%	-9.34%	-9.46%	-9.33%	-10.50%
Okt 22	5.92%	7.99%	7.11%	5.53%	3.90%