

Julius Bär

ONE-PAGER FOR DONORS 31.12.2020

Market comment

The first nine months of the year were dominated by those which benefited from the Covid-19 crisis, i.e. high-growth stocks in the information technology and life science sectors, as well as defensive companies with solid balance sheets. The last quarter witnessed the most friendly style rotation on record, as money flowed back into the pandemic losers in the hope that broad-based vaccination will put an end to Covid-19 once and for all. We consider this phenomena as a very strong evidence of supportive liquidity conditions. Therefore, we recommend investors to start the year 2021 invested.

The continuous style-shift in December towards Value led to a slight underperformance against the benchmark. Around middle of December, we bought Hologic, a healthcare company that is well positioned to capture the large opportunity associated with COVID-19 testing. Towards the end of the month, we switched out of the healthcare company Bristol Myers Squibb and reallocated the proceeds to Thermo Fisher, the world's largest and most diversified life science company.

The normalisation process of the economy is incomplete, as some countries are going back into lockdowns. However, this will only support further monetary and fiscal stimulus. Meanwhile, the cash flows of listed large-cap companies proved to be extremely resilient in 2020. In 2021, S&P 500 earnings should recover to at least 2019 levels, with some possible upside surprise potential. Style-wise, we believe that the most depressed sectors have already enjoyed two thirds of their catch-up potential. It will take several years of recurring fiscal deficits that are at least partially monetised. The savings rate has strongly grown during 2020. We expect this cash to be spent once the virus is under control and life is back to normal. This could trigger a short economic boom. This is precisely when the outlook for risk assets might become more difficult. First, excess liquidity will mechanically shrink as money is spent rather than hoarded. Furthermore, from the second quarter of 2021 onwards, the year-on-year base effect on monetary aggregates' growth will become much more adverse, and it is liquidity growth that will drive financial asset valuations.

Portfolio summary

	Month - December 20	2020
Initial*	114'815'493.13	104'557'338.49
Deposits	0.00	0.00
Withdrawals	0.00	-10'000'000.00
Result (performance)	2'631'765.70	22'889'920.34
Final	117'447'258.83	117'447'258.83

*31.12.2019 for "2020"; 30.11.2020 for "Month"

The sole legally binding version is the official report.

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Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	10'114'523.63	8.61%	-0.98%	-3.20%	0.01%	0.95%
Bonds and similar positions	31'773'945.34	27.05%	0.10%	7.12%	0.37%	8.65%
Equities and similar positions	73'552'967.24	62.63%	3.91%	38.14%	4.09%	18.33%
Alternative Investments	2'005'822.62	1.71%	0.27%	1.26%	0.09%	1.96%
Total	117'447'258.83	100%	2.37%	24.24%	2.58%	14.38%

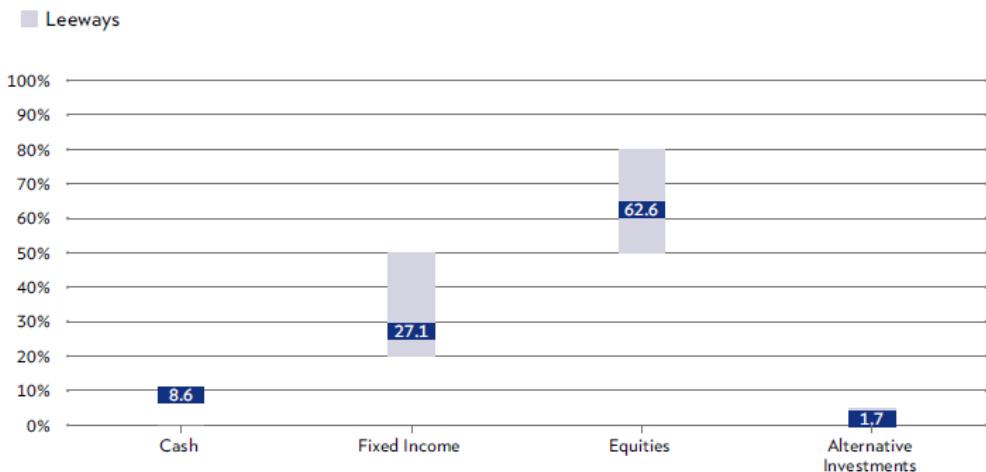
U.S.A. Consumer Price Index (CPI)

1-month % change (December 20)	0.37%
2020 % change (December 20)	1.36%

Performance

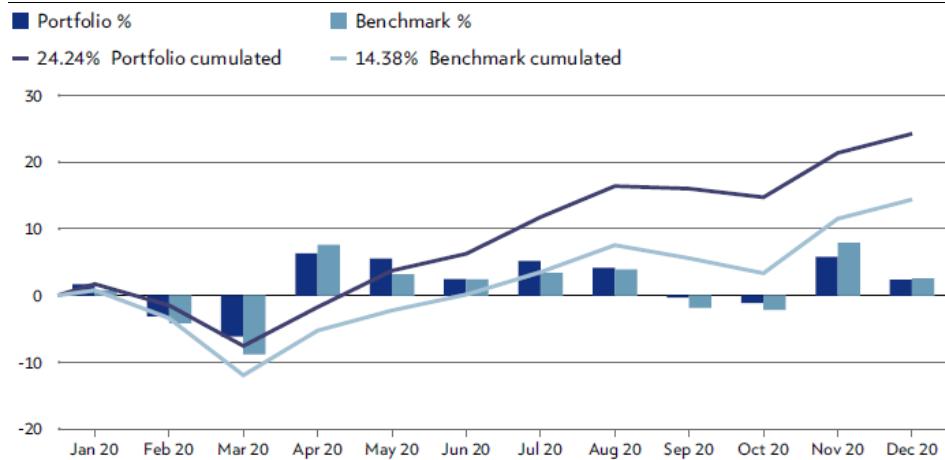
Month (December 20)		Year (2020)	
Nominal	Real	Nominal	Real
2.37%	2.00%	24.24%	22.88%

Allocation per asset class

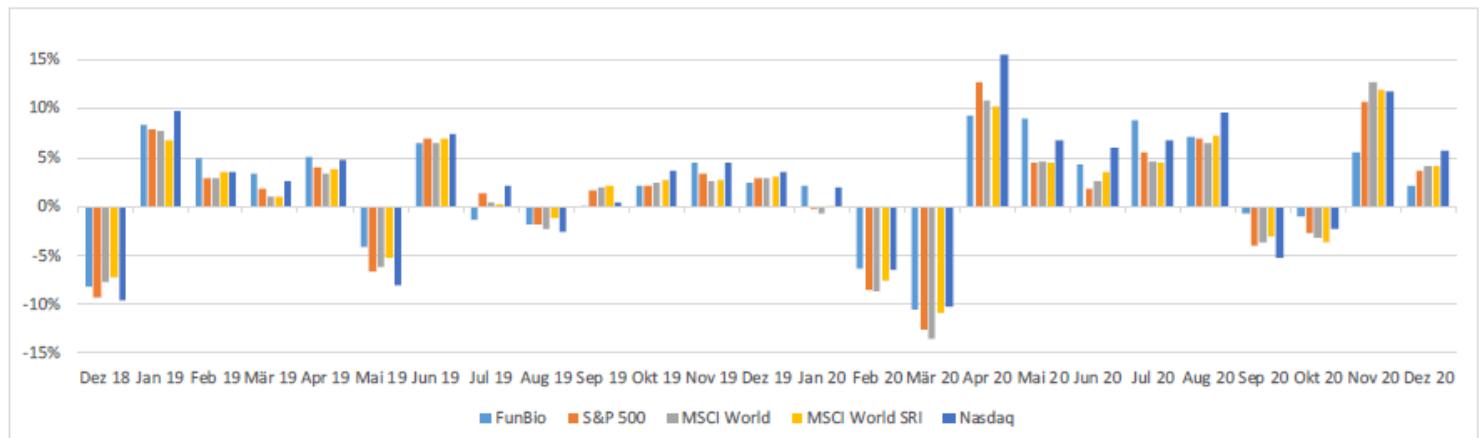
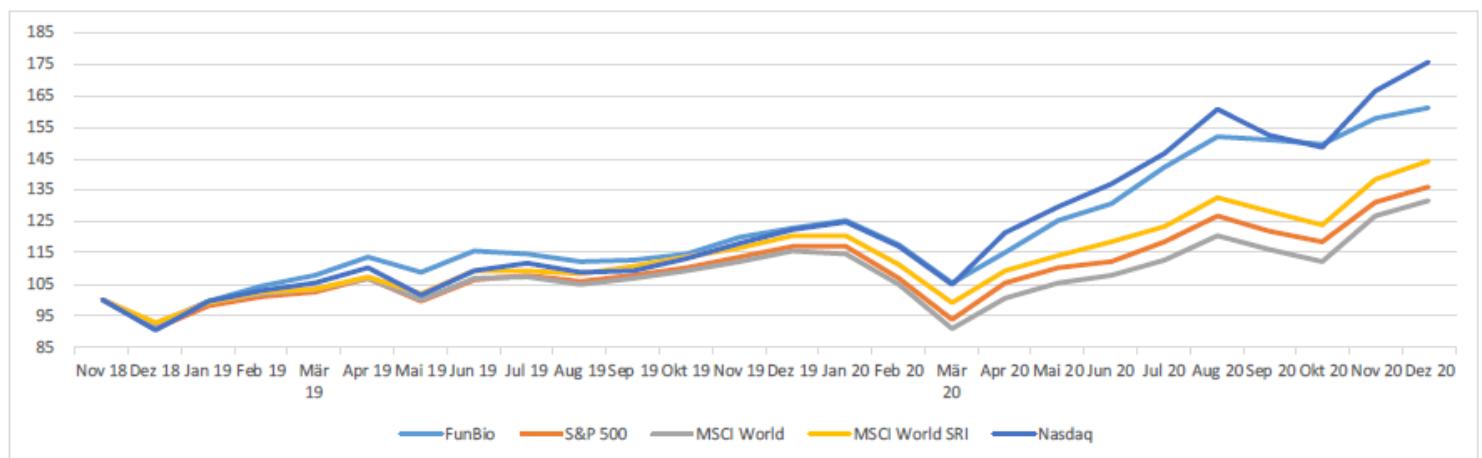


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Monthly gross performance YTD - Benchmark and portfolio



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	-6.23%	-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	-1.03%	-2.77%	-3.14%	-3.68%	-2.29%
Nov 20	5.48%	10.75%	12.66%	11.94%	11.80%
Dez 20	2.08%	3.71%	4.14%	4.15%	5.65%