

Julius Bär

ONE-PAGER FOR DONORS

31.12.2023

Market comment

December saw the equity market rally continue into year-end, with the S&P 500 index gaining 4.4%, closing the month close to its all-time high. After raising interest rates four times during the year, US Federal Reserve (Fed) officials indicated at their December meeting that they anticipate no further increases and are likely to cut rates in 2024.

Looking at 2023 overall, it was not an easy year for sustainable and thematic investors. Equity markets soared in the early months of 2023 as recession fears eased, but the rally ended abruptly due to banking sector difficulties. Moreover, high interest rates and recession fears affected sustainability mandates especially negatively. For instance projects to invest in new energy saving technologies for buildings were postponed due to higher financing costs. 2023 was also characterized by the rise of the mega cap IT stocks and much of the equity market's performance has been driven by those few names. For the sustainability Mandate, only 2 of the 7 magnificent were investable according to our JB ESG methodology, among which we hold Microsoft. Nevertheless, other top-performing IT stocks, including SAP, AMD and Ansys, provided a nice performance over the year. Finally, investors' patience was rewarded with a spectacular rally in risky assets in November and December where sustainability mandates could regain some of the missed performance over the course of the year, not at least based on the excellent Q3 results of the holding companies throughout all sectors and the belief that the Fed has ended its interest rate hiking cycle.

Mandate transactions: We initiated a position in Allianz. The insurance company has SBTi and net-zero targets and plays a significant role within the UN-convened net-zero asset owner alliance. As a result of the acquisition of Wind River, we believe that Aptiv's involvement in the defense sector may exceed the permitted threshold and we therefore sold our entire position in the company. With the proceeds, we initiated an investment in CRH. The company's products and services help to create more resilient and sustainable buildings. The construction sector accounts for around 35% of global CO2 emissions, and innovation is urgently needed to make it less carbon intensive. Further, we sold our exposure to heating and ventilation product manufacturer Johnson Controls and reinvested the proceeds of the sales into Nvidia. Nvidia's has set itself a goal of running its operations on 100% renewable energy by 2025, and in its AI data centre business 3.5x less energy is already being consumed thanks to innovative developments.

The sole legally binding version is the official report.

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Interest rates are expected to be cut by various central banks including the Fed and ECB in 2024. This should support our holdings in the Sustainability Mandate, as innovative companies especially suffered from high interest rates. The net-zero transition requires significant investment in clean energy technologies. We expect pent-up demand to kick in for renewables given regulatory support. To boost clean-tech manufacturing, the US introduced the Inflation Reduction Act (IRA) and the EU the Net-Zero Industry Act. At the same time, biodiversity will continue to offer investment opportunities: According to the World Economic Forum, biodiversity loss is among the five most severe risks facing the world in the long term. Accordingly, nature-positive solutions could create an additional \$10,000 billion in revenues in three ecosystems: (1) food, land-use and oceans; (2) infrastructure and construction; and (3) energy and extractive industries. Thanks to our thematic approach, we invest in companies that provide innovative solutions to these many challenges. Finally, the US election may add volatility over the coming year. The momentum behind ESG-focused laws and regulations is likely to persist, especially as the timing of the upcoming US presidential elections fuels a growing divide among representatives, organizations, and the public on this matter. However, the elections could have an impact on SEC's rulemaking on ESG disclosures and the implementation of the Inflation Reduction Act (IRA). We are therefore following the US election season closely as it could bring some dark clouds over the course of the year.

Portfolio summary

	Month - December 23	2023
Initial*	86'965'376.41	98'072'592.73
Deposits	0.00	0.00
Withdrawals	0.00	-17'271'000.00
Result (performance)	4'896'948.67	11'060'732.35
Final	91'862'325.08	91'862'325.08

*31.12.2022 for "2023"

Allocation per asset class and performance in USD

Asset class	Allocation per asset class and performance in USD				Benchmark	
	Market value	%	MTD	YTD	MTD	YTD
Cash and short-term investments	1'752'739.38	1.91%	-24.94%	-42.65%	0.46%	4.99%
Bonds and similar positions	26'691'942.37	29.06%	2.55%	5.47%	4.11%	8.84%
Equities and similar positions	61'188'330.51	66.61%	7.79%	18.88%	4.48%	27.02%
Alternative Investments	2'229'312.82	2.43%	0.55%	6.03%	0.51%	6.02%
Total	91'862'325.08	100%	5.71%	13.06%	4.08%	19.35%

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

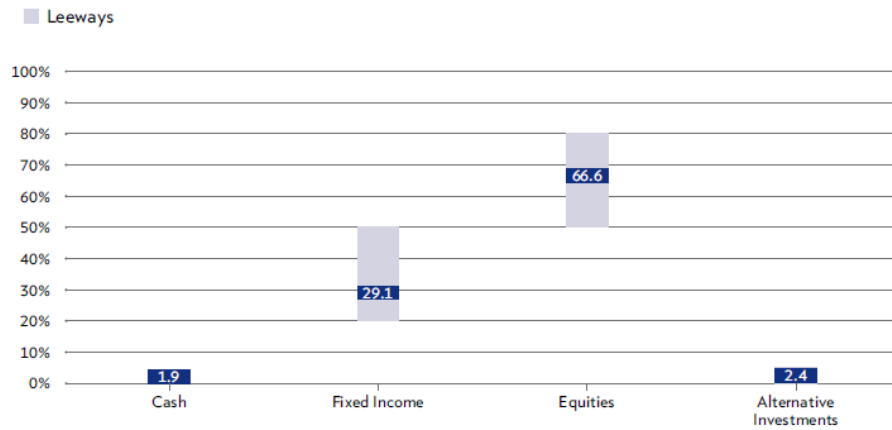
1-month % change (December 23)	0.30%
2023 % change (December 23)	3.30%

Performance

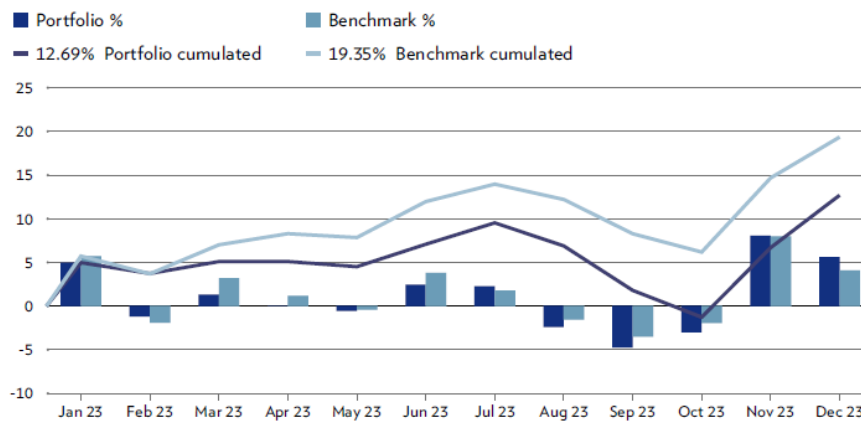
Month (December 2023)		Year (2023)	
Nominal	Real	Nominal	Real
5.71%	5.41%	13.06%	9.76%

*assuming CPI data from December 2023

Allocation per asset class

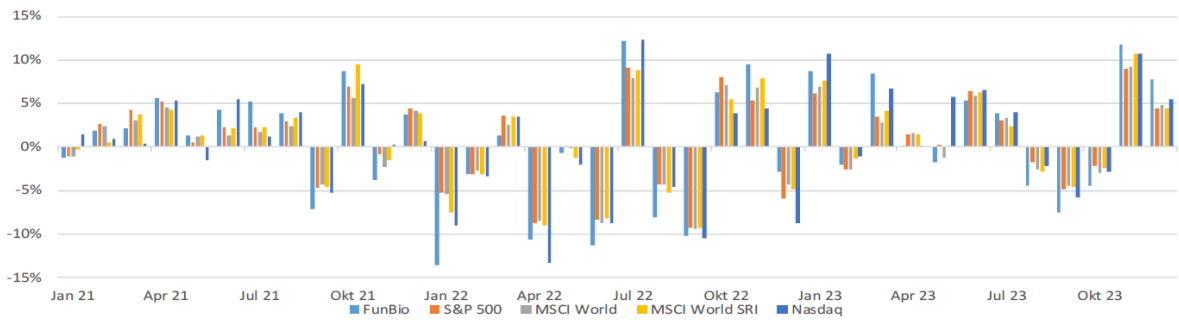
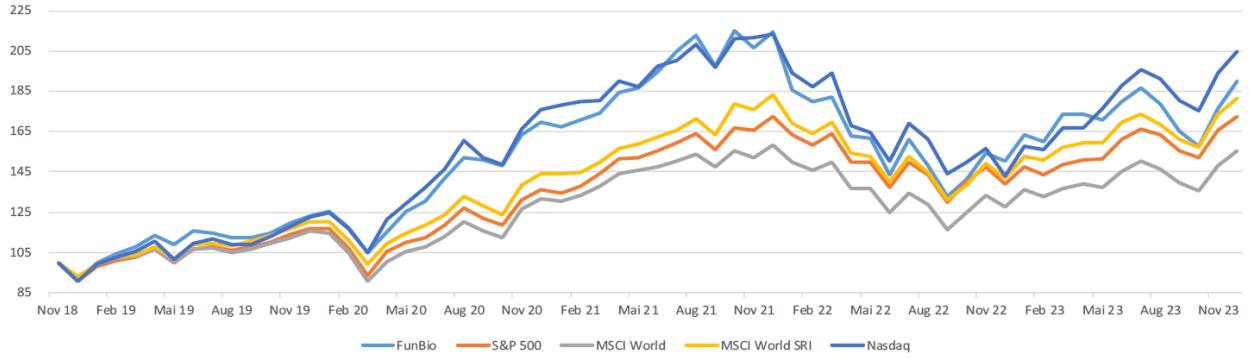


Monthly gross performance YTD - Benchmark and portfolio



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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	-10.28%	-9.34%	-9.46%	-9.33%	-10.50%
Okt 22	6.27%	7.99%	7.11%	5.53%	3.90%
Nov 22	9.52%	5.38%	6.80%	7.84%	4.37%
Dez 22	-2.83%	-5.90%	-4.34%	-4.78%	-8.73%

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Date	FunBio	S&P 500	MSCI World	MSCI World SRI	Nasdaq
Jan 23	8.72%	6.18%	7.00%	7.68%	10.68%
Feb 23	-2.07%	-2.61%	-2.53%	-1.38%	-1.11%
Mär 23	8.50%	3.51%	2.83%	4.13%	6.69%
Apr 23	0.12%	1.46%	1.59%	1.53%	0.04%
Mai 23	-1.76%	0.25%	-1.25%	0.03%	5.80%
Jun 23	5.36%	6.47%	5.93%	6.28%	6.59%
Jul 23	3.92%	3.11%	3.29%	2.44%	4.05%
Aug 23	-4.46%	-1.77%	-2.55%	-2.78%	-2.17%
Sep 23	-7.49%	-4.87%	-4.45%	-4.55%	-5.81%
Okt 23	-4.51%	-2.20%	-2.97%	-2.46%	-2.78%
Nov 23	11.85%	8.92%	9.21%	10.70%	10.70%
Dez 23	7.79%	4.42%	4.81%	4.35%	5.52%