

Julius Bär

# ACTIVELY MANAGED CERTIFICATE SWISS SMALL & MID CAPS

MARKETING MATERIAL

DECEMBER 2023



# ACTIVELY MANAGED CERTIFICATE SWISS SMALL & MID CAPS

## Summary

### THE ACTIVELY MANAGED CERTIFICATE (AMC) ON THE JULIUS BAER SWISS SMALL & MID CAP STRATEGY IS APPROPRIATE FOR CLIENTS

- who want to invest in the Swiss equity market
- who are interested in high quality Swiss companies combined with turnaround and event-driven opportunities
- who are interested in a highly diversified portfolio consisting of small & mid cap companies
- who want to invest in a pure CHF portfolio without foreign currency risk
- who have a very long investment horizon and are prepared to accept fluctuations in the value of their assets

### WHY AN AMC SOLUTION?

- Cost-efficient solution for high diversification in the highly attractive Swiss Small & mid cap market
- Disciplined investment approach
- Experienced fund managers
- Available for smaller investment
- High agility (unlike big Small & Mid Cap funds)

### POSSIBLE RISKS






- Relatively higher volatility and trading volumes of Small & mid Cap stocks
- Issuer and Product related risks

**Note:** Data and Prices as of December 4, 2023 if not mentioned otherwise

# SWITZERLAND






## Well positioned to overcome macroeconomic challenges

### SWITZERLAND – STRONG COMPETITIVE POSITIONING

Ranking	2018	2019	2020	2021	2022
1	USA	Singapore	Singapore		Denmark
2	Hong Kong	Hong Kong	Denmark	Sweden	
3	Singapore	USA		Denmark	Singapore
4	Netherlands		Netherlands	Netherlands	Sweden
5		UAE	Hong Kong	Singapore	Hong Kong
6	Denmark	Netherlands	Sweden	Norway	Netherlands
7	UAE	Ireland	Norway	Hong Kong	Taiwan
8	Norway	Denmark	Canada	Taiwan	Finland
9	Sweden	Sweden	UAE	UAE	Norway
10	Canada	Qatar	USA	USA	USA

Source: IMD World Competitiveness Yearbook

### SWITZERLAND: BEST-IN CLASS INNOVATION POWER

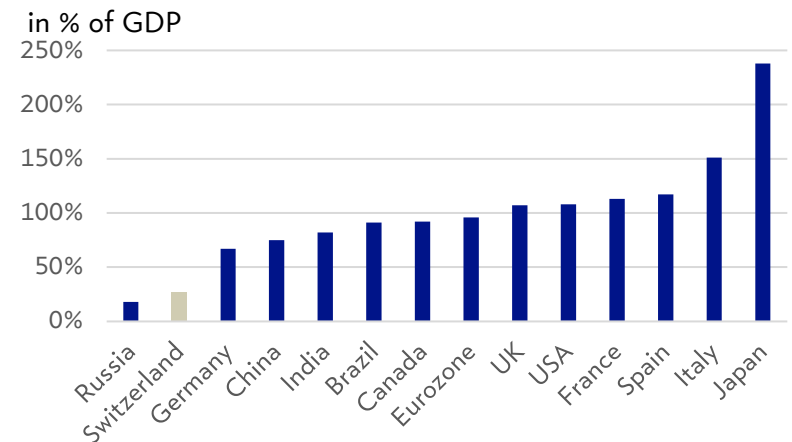
Ranking	2017	2018	2019	2020	2021
1					
2	Sweden	Sweden	Sweden	Sweden	Sweden
3	Denmark	Denmark	Denmark	Denmark	Finland
4	UK	UK	Finland	Finland	Denmark
5	Luxembourg	Netherlands	Netherlands	Netherlands	Belgium
6	Netherlands	Finland	UK	UK	Netherlands
7	Finland	Belgium	Belgium	Luxembourg	Germany
8	Austria	Luxembourg	Austria	Belgium	UK
9	Belgium	Austria	Luxembourg	Austria	Luxembourg
10	Ireland	Ireland	Norway	Germany	Austria

Source: European Innovation Scoreboard, 2021

### FAVORABLE STRUCTURAL CONDITIONS

- strong innovation power and competitive strength
- high quality of life
- flexible labor market
- strong geographic location
- stable political environment
- mild tax environment
- high legal and social security
- low indebtedness

### LOW PUBLIC DEBT QUOTA (2022)



Source: Julius Baer, Research

# SECULAR GROWTH THEMES

## Swiss Small & Mid Caps offer attractive exposure

### HEALTH & SCIENCE



- STRAUMANN
- BACHEM
- TECAN
- ZUR ROSE

### URBANISATION



- SCHINDLER
- DORMAKABA
- FORBO

### ALTERNATIVE INVESTING



- SWISSQUOTE
- LEONTEQ

### INTERNET OF THINGS



- VAT GROUP
- COMET
- INFICON

### CHANGING CONSUMER BEHAVIOUR



- BARRY CALLEBAUT
- LINDT & SPRUENGLI
- EMMI

### AUTONOMOUS DRIVING / ELECTRIC CARS



- AUTONEUM
- SFS
- GEORG FISCHER
- EMS CHEMIE

### DIGITALISATION AUTOMATION / IT



- TEMENOS
- U-BLOX
- AMS

### TRANSPORTATION / GLOBAL TRADE



- INTERROLL
- KARDEX
- DKSH

### TRAVEL



- DUFRI
- FLUGHAFEN ZUERICH

# INVESTMENT PROCESS

Two key pillars

## STOCK SELECTION

### SCREENING & IDEA GENERATION

Screening for investable (SPI extra) stocks  
Regular company meetings (c. 100/year)

### FUNDAMENTAL ANALYSIS

Earnings- / Balance Sheet quality  
Assessment of top management  
Analysis of key financial metrics  
Competitive Advantage etc.

### VALUATION

Expected Return  
Traditional Valuation approaches  
Momentum Analysis

## PORTFOLIO CONSTRUCTION

### POSITIONS & INVESTMENT STYLE

20 – 40 Companies  
Single Position active size: Max. 10%  
Max. weight cash position: 30% (under normal circumstances <3%)

### INVESTMENT OBJECTIVES

Outperforming the SPI extra index  
Robust Portfolio with low turnover

AMC SWISS SMALL & MID CAPS

# WHAT DO WE LIKE MOST?

## Largest stock and sector positions

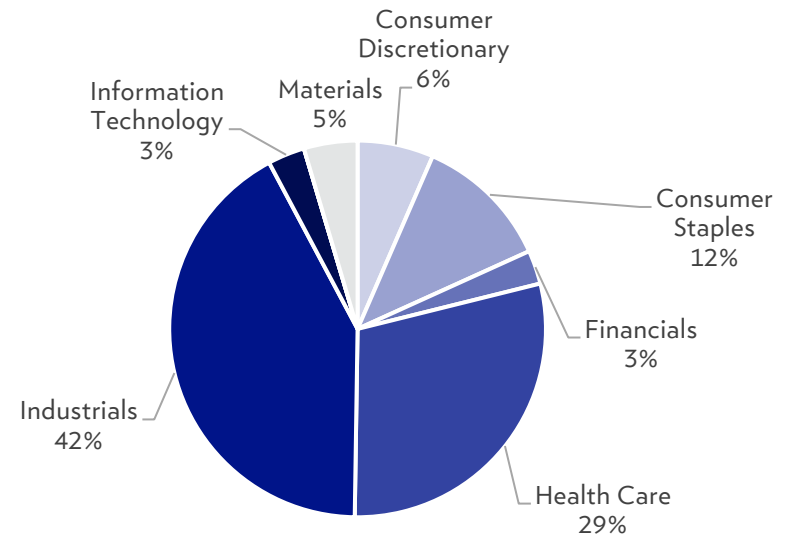
### TOP TEN HOLDINGS

Company Name	In % of Portfolio
LINDT & SPRUENGLI	7.8%
STRAUMANN	6.5%
SWATCH GROUP	5.3%
SCHINDLER	4.7%
GEORG FISCHER	4.6%
SIEGFRIED	4.5%
ADECCO	4.5%
TECAN	4.5%
SANDOZ	4.4%
BELIMO	3.9%

**Source:** Julius Baer

### SECTOR WEIGHTINGS

In % of Portfolio



**Source:** Julius Baer; Sector Classification: Julius Baer Financial Instruments  
DBB Biotech incl. in Healthcare

# OUR TEAM

Well experienced in Equity Research and Portfolio Management



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PATRICK JNGLIN, CFA

Executive Director

Patrick Jnglin joined Julius Baer in November 2015. After two years in the Equity Research department, where he covered the Insurance and Consumer goods and retail sectors, he took over responsibility as portfolio and fund manager of the Edelweiss Equity Fund and mandates. Before he joined Julius Baer, he worked for 2 years at Kepler Cheuvreux as head of the European Business Services team. Before this, Patrick worked for 10 and 6 years as Sell- side analyst at Credit Suisse First Boston and UBS Warburg where he started his career as a trainee in 1996. Patrick has a masters degree in Economics (lic. rer. pol) of the University of Berne and passed the CFA (Chartered Financial Analyst) exam in 2008.



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MATHIAS RIEBEN, AZEK/CIIA

Executive Director

Mathias Rieben joined Julius Baer in January 2009 as a senior portfolio manager for special mandates. He previously worked for Clariden Leu Ltd (formerly Bank Leu Ltd.) for 12 years. During that period he worked in various areas of portfolio management, classic discretionary mandates and «absolute return» mandates as well as relationship manager. In September 2012 Mathias Rieben moved to the equity team Global Excellence. He joined the Equity Edelweiss team at the end of 2015. Since mid-2017, he has played a more prominent role in the team and also carries investment decisions for Swiss stocks. Mathias has a Federal diploma in banking (Eidg. Dipl. Bankfachmann) and he is furthermore a Certified International Investment Analyst (AZEK/CIIA).

# APPENDIX: TERM SHEET KEY SECTIONS



# TERM SHEET AMC SWISS SMALL & MID CAPS

## Key sections

### Terms

Issuer	Bank Julius Baer & Co. Ltd., Zurich (Rating: Moody's A3) (Prudential Supervision: by the Swiss Financial Market Supervisory Authority FINMA)
Lead Manager	Bank Julius Baer & Co. Ltd., Zurich
Swiss Security Number (Valor)	56778191
ISIN	CH0567781916
Issue Size	up to 50,000 Products (CHF 50,000,000, may be increased/decreased at any time)
Issue Currency	CHF
Issue Price	CHF 1,000.00 (per Product; including the Distribution Fee)
Denomination	CHF 1,000.00

# TERM SHEET AMC SWISS SMALL & MID CAPS

## Key sections

Investment Strategy (Basic Parameters)	The AMC on the JB Swiss Small & Mid Cap Strategy is an actively managed notional portfolio of CHF denominated small- and midcap stocks out of the SPI Extra universe. The portfolio is constructed by bottom-up analysis using quantitative screening of companies.
Investment Guidelines	<p>Only investments in investment products contained in the Investment Universe (as defined below) are permitted. The Advisor will manage the cash balance resulting out of secondary market activity. Notional short selling and borrowing are not permitted. The Advisor is permitted to change the notional composition of the Underlying on a daily basis. Nevertheless, the Sponsor is entitled to reject changes in the notional composition of the Underlying in case of more than 100 changes per year. At the portfolio turnover date, the Advisor will adhere to the Diversification Rules set out below. At any time, the Underlying contains a minimum of 20 and a maximum of 40 components (excluding cash).</p> <p>The Investment Guidelines and the Investment Universe must be respected on the initial fixing of the Underlying and upon any change in the notional composition of the Underlying. The Advisor is free to correct infringements of the Investment Guidelines which might possibly occur thereafter. No liabilities are assumed by the Advisor or the Sponsor due to such infringements.</p>
Diversification Rules	<p>The limits below are in percent of the total notional portfolio's value:</p> <ul style="list-style-type: none"> <li>- Minimum number of components in portfolio (excluding cash): 20</li> <li>- Maximum number of components in portfolio (excluding cash): 40</li> <li>- Maximum weight per component (excluding cash): 10%</li> <li>- Maximum weight cash component: 30%</li> </ul>

# TERM SHEET AMC SWISS SMALL & MID CAPS

## Key sections

Investment Universe	<p>The notional Underlying can include individual exchange traded stocks, preferred shares, ADRs and GDRs which represent equity rights according to the range of global individual exchange traded stocks as well as exchange traded products (ETF, ETN and ETC), denominated in CHF.</p> <p>The following criteria apply for selection in to the AMC:</p> <ul style="list-style-type: none"><li>• Each stock must have a market capitalization of at least CHF 0.5 billion</li><li>• Each stock must have a 30 days average daily trading volume of at least CHF 0.5 million</li></ul> <p>The liquidity of potential notional components must be sufficient with respect to the issued volume of the Certificates. Therefore the Sponsor has the right to reject notional components which form part of the Investment Universe (see „Right of Objection“ below).</p> <p>Besides the aforementioned assets, the notional Underlying may contain a cash component in the Certificate's currency. Interest at the Cash Deposit Interest Rate is credited on this cash component. A negative interest rate may be applied due to market conditions. This cash component may reach up to 100%, but the proportion of cash and debt securities (incl. funds and ETFs which themselves do not fulfil the 50% criteria) will not exceed 50% of the portfolio value in the annual average.</p>
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# TERM SHEET AMC SWISS SMALL & MID CAPS

## Key sections

### Redemption

Final Redemption	<p>Unless previously redeemed, repurchased or cancelled, the Issuer shall redeem each Product on the Final Redemption Date by payment of the Final Redemption Amount to the Holder thereof.</p> <p>For the avoidance of doubt, there is no and will not be any pooling of contributions from holders of the Product and notional profits, income, payments or returns of the Underlying for the benefit of all holders of the Product. Payments under a Product will essentially be in the nature of a debt due from the Issuer to the redeeming holder of a Certificate separate and distinct from payments under any other Certificate.</p>
Final Redemption Amount	<p>A cash amount equal to the Strategy Value minus the accrued Recurring Fees and minus the incurred FX hedging, calculated by the Calculation Agent on the Final Fixing Date in accordance with the following formula:</p> $\text{Strategy Value}_t - \text{accrued Recurring Fees}_t$
Settlement Type	Cash settlement
Strategy Value <sub>t</sub>	The value of the Underlying, determined by the sum of the value of each of the components notionally contained in the Underlying at a point in time t (including the cash component expressed in the Issue Currency), converted to the Issue Currency at the then prevailing exchange rate(s), as determined by the Calculation Agent.
Initial Value	CHF 1,000.00
Recurring Fees	<p>The Administration Fee and the Advisory Fee (the "Recurring Fees")</p> <p>The Recurring Fees are calculated and deducted from the Strategy Value by the Calculation Agent on a daily basis.</p>
Administration Fee	0.30% p.a. of the Strategy Value
Transaction Costs upon Portfolio Turnover (Rebalancing Fee)	0.10% on the value of each portfolio rebalancing transaction
Advisory Fee	0.45% p.a. of the Strategy Value
Distribution Fee	<p>Up to 0.0% p.a. of the Issue Price (incl. VAT, if any);</p> <p>The Distribution Fee will be allocated / paid to the internal and/or external Distributor.</p> <p>For further details please see under section IV "Distribution Compensation/Distribution Allowances from and to Third Parties".</p>

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