

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

### FAVORABLE STRUCTURAL CONDITIONS

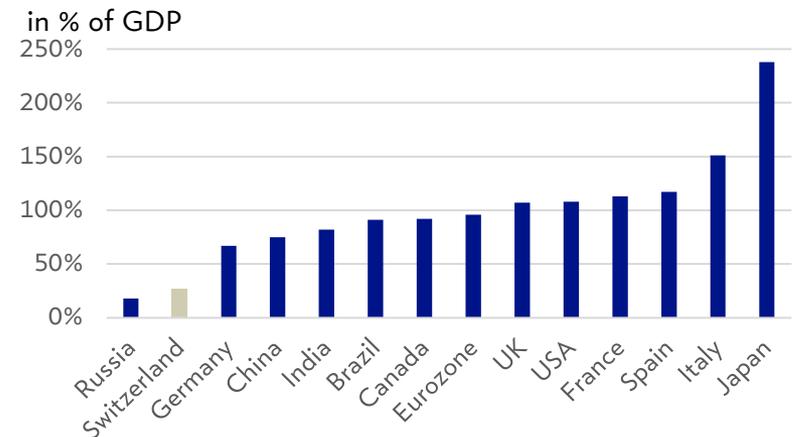
- strong innovation power and competitive strength
- high quality of life
- flexible labor market
- strong geographic location
- stable political environment
- mild tax environment
- high legal and social security
- low indebtedness

### 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

### 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



- DUFRY
- 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

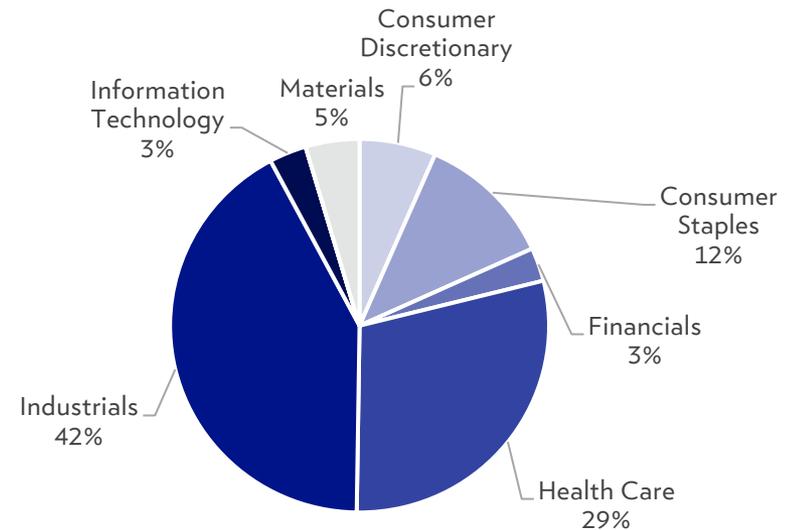
### TOP TEN HOLDINGS

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



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.



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 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.

The following criteria apply for selection in to the AMC:

- Each stock must have a market capitalization of at least CHF 0.5 billion
- Each stock must have a 30 days average daily trading volume of at least CHF 0.5 million

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).

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.

# 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>

# IMPORTANT LEGAL INFORMATION

## GENERAL

This document constitutes **marketing material** and is not the result of independent financial research. Therefore the legal requirements regarding the independence of financial research do not apply. This material is not independent from the proprietary interests of Julius Baer (e.g. certain Julius Baer products may be mentioned in this document), which may conflict with your interests.

**The information and opinions expressed in this document were produced by Bank Julius Baer & Co. Ltd., Zurich, which is supervised by the Swiss Financial Market Supervisory Authority FINMA, as of the date of writing and are subject to change without notice.** This document is intended for **information purposes only and does not constitute advice, an offer** or an invitation by, or on behalf of, Julius Baer to buy or sell any securities, securities-based derivatives or other products or to participate in any particular trading strategy in any jurisdiction. Opinions and comments of the authors reflect their current views, but not necessarily of other Julius Baer entities or any other third party. Other Julius Baer entities may have issued, and may in the future issue, other documents that are inconsistent with, and reach different conclusions from, the information presented in this document. Julius Baer assumes no obligation to ensure that such other documents are brought to the attention of any recipient of this document. Entities within the Julius Baer Group, except Julius Baer Wealth Advisors (India), provide advice which is not considered «independent» in the sense given to that term by the EU Directive 2014/65/EU on markets in financial instruments (known as MiFID II

## SUITABILITY

Investments in the asset classes mentioned in this document may not be suitable for all recipients and may not be available in all countries. **Clients of Julius Baer are kindly requested to get in touch with the local Julius Baer entity in order to be informed about the services and/or products available in their country.** This document has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Before entering into any transaction, investors should consider the suitability of the transaction to individual circumstances and objectives. Any investment or trading or other decision should only be made by the client after a thorough reading of the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. **Nothing in this document constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to individual circumstances, or otherwise constitutes a personal recommendation to any specific investor.** Julius Baer recommends that investors independently assess, with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences. Where a document makes reference to a specific research report, the document should not be read in isolation without consulting the full research report, which may be provided upon request.

# IMPORTANT LEGAL INFORMATION

## INFORMATION / FORECASTS REFERRED TO

Although the information and data herein are obtained from sources believed to be reliable, no representation is made that the information is accurate or complete. In particular, the information provided in this document may not cover all material information on the financial instruments or issuers of such instruments. Bank Julius Baer & Co. Ltd., Zurich, its subsidiaries and affiliated companies do not accept liability for any loss arising from the use of this document.

Important sources for the production of this document are e.g. national and international media, information services (e.g. Reuters, Bloomberg Finance L.P.), publicly available databases, economic journals and newspapers (e.g. Financial Times, Wall Street Journal), publicly available company information, documents of rating agencies. Ratings and appraisals contained in this document are clearly marked as such.

All information and data used for this document relate to past or present circumstances and may change at any time without prior notice. Statements contained in this document regarding financial instruments or issuers of financial instruments relate to the time of the production of this document. Such statements are based on a multitude of factors which are subject to continuous change. A statement contained in this document may, thus, become inaccurate without this being published. Potential risk regarding statements and expectations expressed in this document may result from issuer specific and general (e.g. political, economic, market, etc.) developments.

## RISKS

The price and value of, and income from investments in, any asset class mentioned in this document may fall as well as rise and **investors may not get back the amount invested**. Risks involved in any asset class mentioned in this document may include, but are not necessarily limited to, market risks, credit risks, political risks and economic risks. The investor may be exposed to **currency risk** when the product or underlyings of the product are denominated in currencies other than that of the country in which the investor is resident. The investment as well as its performance would therefore be exposed to currency fluctuations and may increase or decrease in value. Particular risks in connection with specific investments featured in this document are disclosed in the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. These documents can be obtained free of charge upon request. Investments in emerging markets are speculative and may be considerably more volatile than investments in established markets. Clients should not be investing in the product unless they fully understand the feature and risks associated with it. **Past performance is not a reliable indicator of future results. Performance forecasts are not a reliable indicator of future performance.** Shares, bank debt securities (e.g. interest bearing bank bonds and certificates) as well as other claims against financial institutions are subject to special regulations such as the “Bank Recovery and Resolution Directive” and the “Single Resolution Mechanism Regulation”. These regulations can have a negative effect for the investor / contractual partner of the financial institution in case of a default and the necessity of a resolution of the financial institution. For further details, please refer to: [www.juliusbaer.com/legal-information-en](http://www.juliusbaer.com/legal-information-en).

# IMPORTANT LEGAL INFORMATION

**Structured products** (e.g. baskets, certificates): These are complex financial products and therefore involve a higher degree of risk. They are intended for investors who understand and are capable of assuming all risks involved. Structured products may therefore only be sold to experienced investors and require additional advice regarding product-specific risks. The value of the products is not only dependent on the development of the underlying, but also on the creditworthiness of the issuer, which may vary over the term of the product. In case of the issuer's insolvency or bankruptcy, the investors may lose their entire investment in the product. Before entering an investment, all documents related to the issue of the described structured product have to be read. The full terms of the respective structured product may be obtained free of charge.

**Funds:** Investments in funds mentioned in this document should only be made after a thorough reading of the current prospectus, the current Key Investor Information Document or simplified prospectus, the fund regulations or articles of association, the latest annual and semi-annual reports or other offering or fund documentation, such as the offering memorandum and subscription form. These documents can be obtained free of charge upon request. Please note that collective investment schemes exclusively open to qualified investors may be fully or partially exempted from producing these documents by the Swiss Financial Market Supervisory Authority (FINMA). Performance values may be calculated without taking account of commissions and costs that result from selling and buying back investments.

## CONFLICTS OF INTEREST

Julius Baer is required to disclose important information about its interests and potential conflicts. In order to prevent conflicts of interest from adversely affecting the interests of its clients, Julius Baer has established a policy and procedures designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of clients, adequate remuneration policies (for persons involved in the production of this document) based largely on qualitative criteria (e.g. overall quality and accuracy of research) and only remotely on quantitative elements (e.g. overall performance of Julius Baer). A Julius Baer entity may, to the extent permitted by law, participate or invest in other financing transactions with the issuer of the securities referred to herein, perform services or solicit business from such issuers, have a position or effect transactions in the securities or options thereof, have any other significant financial interest regarding the issuers of the securities referred to herein and/or may have done so in the past. For further information about our interest in the investments featured in this document, see the company-specific disclosures above.

# IMPORTANT LEGAL INFORMATION

## IMPORTANT DISTRIBUTION INFORMATION

This document and any market data contained therein **shall only be for the personal use of the intended recipient** and shall not be redistributed to any third party, unless Julius Baer or the source of the relevant market data gives their approval. This document is not directed to any person in any jurisdiction where (on the grounds of that person's nationality, residence or otherwise) such documents are prohibited.

**External Asset Managers (EAM)/External Financial Advisors (EFA):** In case this document is provided to EAM/EFA, Julius Baer expressly prohibits its redistribution or any other way of making it available to clients and/or third parties. The document is of a purely abstract and general nature and is not intended for, nor directed at, client portfolios in general or clients domiciled in the European Economic Area in particular. By receiving any document, the EAM/EFA confirms that they will make their own independent analysis and investment decisions, where applicable.

**Germany:** Bank Julius Bär Deutschland AG, authorised and regulated by the German Federal Financial Supervisory Authority (BaFin), distributes this document to its clients. If you have any queries concerning this document, please contact your relationship manager.

**Switzerland:** This document is distributed by Bank Julius Baer & Co. Ltd., Zurich, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Some of the investment funds mentioned in this document may not be authorised for distribution in Switzerland and may therefore only be distributed to qualified investors as defined in the Swiss Collective Investment Schemes Act and the Swiss Collective Investment Schemes Ordinance. Structured products do not constitute a participation in a collective investment scheme. Therefore, they are not supervised by the Swiss Financial Market Supervisory Authority FINMA and the investor does not benefit from the specific investor protection provided under the Swiss Federal Act on Collective Investment Schemes. This document is not a simplified prospectus as stated in Art. 5 of the Swiss Federal Act on Collective Investment Schemes.

**UNITED STATES:** NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON.

This document may contain information obtained from third parties, including ratings from rating agencies such as Standard & Poor's, Moody's, Fitch and other similar rating agencies, and research from research providers such as MSCI ESG Research LLC or its affiliates. Issuers mentioned or included in any MSCI ESG Research LLC materials may be a client of, or affiliated with, a client of MSCI Inc. (MSCI) or another MSCI subsidiary. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings or research, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings or research. Credit and/or research ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes and should not be relied on as investment advice.