



Julius Bär

10 APRIL 2018, 15:13 CET

MARKETING MATERIAL

ASIA PACIFIC TOO LARGE TO IGNORE OUTPERFORMING EVEN IN VOLATILE MARKETS

WHAT'S THE STORY?

With the ongoing trade quarrels the Asia Pacific region has once again become the centre of attention. We believe that the region offers a great range of investment opportunities as it is continuously growing and also implementing reforms. Further, Asia Pacific is forecast to account for around half of all new wealth created in the world over the next five years, which underlines the region's importance.

China is undoubtedly the main player in the region. It is the largest trading partner for every Asian economy and is skilfully building up its power. China's president, Xi Jinping, is a capable leader who is reforming the country and ensuring that it is better run and less corrupt.

We think that investors should stay invested in Chinese shares despite the ongoing trade quarrels. As the second largest stock market in the world, China is simply too large to be ignored, especially in the upcoming years when its A-shares will gradually be included in important global indices and benchmarks. Furthermore, consumption is gradually replacing investment as the largest part of the economy and retail sales are on track to reach a new high this year, catching up with the United States – a stunning rise from a decade ago, when retail sales in China were 25% of those in the US.

It has been estimated that the impact of the US tariffs on China's 2018 gross domestic product (GDP) growth would be around 0.03 percentage points, which is immaterial relative to the 6.4 percent GDP growth that has been forecasted for this year. We believe that a further escalation of the trade quarrels is unlikely but acknowledge that the impact on GDP could become more relevant if a full-on trade war develops.

Regarding valuations, we see China as one of the cheapest markets in the world, due to earlier bearish consensus views on a credit crisis in the country. Today, China is

outperforming even in declining markets and we expect its momentum to continue.

Japan, the second largest economy in the region, broke out of an 18-year downward trend channel last summer. The pick-up in private consumption and business investments, along with strong exports, should drive the country's recovery.

While Japanese companies have worked hard to decouple from their reliance on the currency, any strong appreciation of the yen will affect profitability as about 58% of profits in Japan come from overseas. However, we believe that Japanese stocks should benefit from better than expected earnings, upward earnings revisions and a positive technical picture. For many years, Japan paid poor dividends but now its dividend yield is on a par with the US and its profit margins are at all-time highs.

Source: Julius Baer Research Asia, Research Focus: [China: An outperformer during recent volatility](#), 3 April 2018

OUR IDEAS FOR DIVERSIFIED PORTFOLIOS

Please note that these are not individually tailored investment solutions. Please contact your Julius Baer relationship manager or investment advisor for more specific solutions to suit your individual circumstances.

Select from our favoured stocks with significant upside potential

Decent economic conditions and compelling growth stories provide a supportive backdrop for stocks.

Consider diversified exposure to the Asia Pacific

We recommend investing in a range of companies in the Asia Pacific to profit from the whole region's attractive growth opportunities.

Source: Julius Baer Investment Publishing

INVESTMENT PRODUCTS

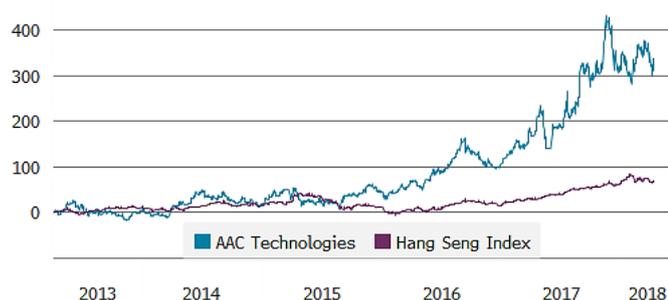
Select from our favoured stocks with significant upside potential – AAC Technologies

Key figures

ISIN	Country	Sector	Ccy	Price	FY1 P/E	Div. yield	Julius Baer Research Rating	Julius Baer Research analyst
KYG2953R1149	China	Information Technology	HKD	147.70	20.28	1.84%	Buy	I. Chow

Performance

Over the last five years, in percentage (net)



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Source: Bloomberg Finance L.P., Julius Baer Investment Publishing

Investment thesis

- AAC Technologies (AAC) is a leading global supplier of miniaturised acoustic components. Products of AAC are found in devices such as smartphones, tablets, wearables and personal computers.
- AAC is stepping up its investment in the optical lens business as management believes it is the next growth driver and could potentially become the largest revenue contributor in the next seven to eight years.
- Leveraging on its acquisition of Kaleido (not listed) in 2010, AAC now processes not only traditional plastic lens technology but also unique wafer-level glass lenses and glass-plastic hybrid lens technology.
- We believe increased revenue per device via technology development and specification upgrades, as well as market share gains from rising client adoption, will be near-term revenue drivers.

Source: Julius Baer Equity Research

Select from our favoured stocks with significant upside potential – China Galaxy Securities

Key figures

ISIN	Country	Sector	Ccy	Price	FY1 P/E	Div. yield	Julius Baer Research Rating	Julius Baer Research analyst
CNE100001NT6	China	Financials	HKD	5.22	8.45	3.59%	Buy	E. Mak

Performance

Over the last five years, in percentage (net)



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Source: Bloomberg Finance L.P., Julius Baer Investment Publishing

Investment thesis

- Founded in 2007, China Galaxy Securities (GXYS) is involved in the securities business and provides services such as brokerage, sales and trading, investment management and investment banking. It has one of the strongest brokerage businesses in the industry with a sizeable outlet network and a large client base.
- GXYS' recent investment in CIMB Securities (not listed) marked its first key step into the Hong Kong and international securities market. This allows GXYS to be on the same level as other major listed peers. However, we believe that it will take a long time for the overseas operation to have a noticeable impact on the group's financials.

Source: Julius Baer Equity Research

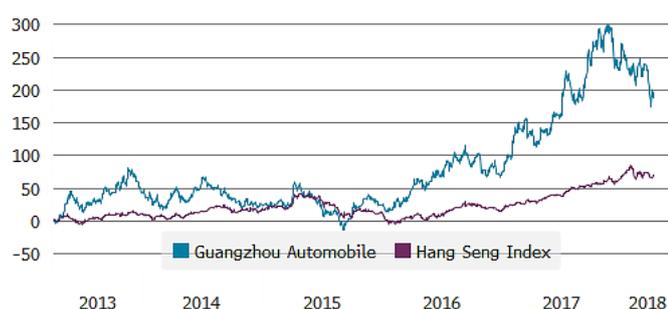
Select from our favoured stocks with significant upside potential – Guangzhou Automobile

Key figures

ISIN	Country	Sector	Ccy	Price	FY1 P/E	Div. yield	Julius Baer Research Rating	Julius Baer Research analyst
CNE100000Q35	China	Consumer Discretionary	HKD	15.14	6.42	4.71%	Buy	E. Mak

Performance

Over the last five years, in percentage (net)



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Investment thesis

- Guangzhou Automobile Group Company (GAC) manufactures, sells and services automobiles in China.
- GAC's latest results indicate that an industry-wide auto sales slowdown has had no impact on the firm, as it currently has a strong model cycle from most of its joint venture brands as well as the proprietary brand.
- GAC's several recently launched mid- to large-sized sport utility vehicles (SUVs) should not only deliver additional volumes, but more importantly, should raise the overall average selling price and margin for GAC, translating into strong earnings growth.
- We believe GAC will outperform other domestic automakers driven by the favourable new model cycle, especially from the SUVs.

Source: Julius Baer Equity Research

Select from our favoured stocks with significant upside potential – Beijing Enterprises Water

Key figures

ISIN	Country	Sector	Ccy	Price	FY1 P/E	Div. yield	Julius Baer Research Rating	Julius Baer Research analyst
BMG0957L1090	Hong Kong	Utilities	HKD	4.38	8.85	4.02%	Buy	I. Chow

Performance

Over the last five years, in percentage (net)



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Investment thesis

- Beijing Enterprises Water Group (BEW) provides a wide range of water services and environment protection services in China.
- A major overhang has been the delay in the public-private partnership (PPP) project approval caused by tighter government scrutiny aiming to avoid the potential abuse of the programme by local governments to obtain unauthorised financing.
- According to management, BEW has recently taken a prudent approach and suspended all new PPP-related construction to avoid investment risk.
- We believe that the current share price already reflects market concerns on growth. Any resumption in the approval of new projects will be an upside catalyst. The management has a superior track record in terms of credit underwriting, mergers and acquisitions and the delivery of EPS and dividend growth.

Source: Julius Baer Equity Research

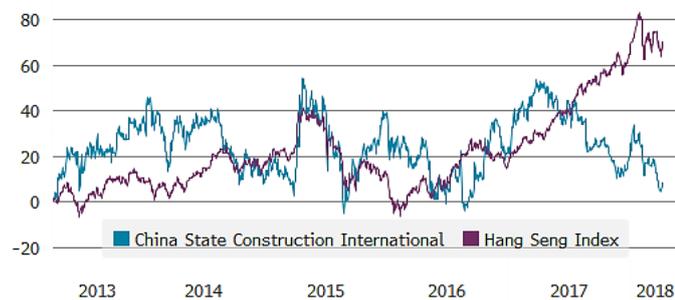
Select from our favoured stocks with significant upside potential – China State Construction International

Key figures

ISIN	Country	Sector	Ccy	Price	FY1 P/E	Div. yield	Julius Baer Research Rating	Julius Baer Research analyst
KYG216771363	Hong Kong	Industrials	HKD	9.90	7.43	3.98%	Buy	I. Chow

Performance

Over the last five years, in percentage (net)



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Source: Bloomberg Finance L.P., Julius Baer Investment Publishing

Investment thesis

- China State Construction International (CSCI) is a leading construction contractor in Hong Kong and Macau and provides building construction and civil engineering services for both the public and private sector.
- As more China infrastructure projects enter the construction phase, revenue recognition should accelerate. However, the central government's recent tighter financial scrutiny on CSCI's local government partners has caused a delay in project approval and a longer than usual repayment period.
- In addition, infrastructure investment projects require heavy upfront capital. Management indicated that they would consider the formation of an investment fund, the utilisation of one-belt-one-road debt and the asset-backed securitisation as well as the disposal of non-core assets as ways to relieve the cash burden.

Source: Julius Baer Equity Research

Please refer to the specific Baer®Insight research reports which are available on request for further information. Additionally, you may wish to contact your Julius Baer relationship manager or investment advisor to discuss the suitability of this offering given your individual investment profile.

An overview of the funds in our offering

	Hermes Asia Ex Japan Equity Fund	BGF Asian Dragon Fund
ISIN	IE00BBL4VW61	LU0072462343
Julius Baer Product Risk Rating	Considerable	Moderate
Geographical focus	Asia Pacific ex Japan	
Description	Searches for the most interesting value stocks	Blackrock's best APAC ideas
Investment instruments	Equity	
Differentiator	The team focuses on under-researched and out of fashion stocks in order to find value over the medium and long term.	Within the portfolio construction process, the manager will consider macroeconomic inputs in order to identify areas that should deliver above-average performance.
Investment process	The fund adopts a value investment style, which means that it looks for companies whose stock prices do not necessarily reflect their fundamental worth. The portfolio offers an exposure to all market capitalisations and is usually diversified, holding between 50 and 60 companies.	The manager searches for the most interesting and valuable companies in Asia regardless of style, size, industry or country, and reacts flexibly to any business changes in order to protect invested capital. The portfolio contains around 60 stocks.
Investment universe	This actively managed fund offers investors exposure to the Asian equity markets (excluding Japan).	This actively managed fund offers exposure to the Asian equity markets through a locally based and experienced portfolio manager.
Suitability	This fund is suitable for investors who would like to be exposed to the Asia Pacific, excluding Japan.	
Total Expense Ratio (TER) Retail (p.a.)	1.60%	1.84%
Volatility (last 3 years p.a.)	16.49%	16.77%

As of 9 April 2018

Source: Julius Baer Funds

Consider diversified exposure to the Asia Pacific – Hermes Asia Ex Japan Equity Fund

Investment case

- With the ongoing trade quarrels, the Asia Pacific region has once again become the centre of attention. We believe that the region offers a great range of investment opportunities and it is outperforming even in volatile markets.
- The Hermes Asia Ex Japan Equity Fund is an actively managed fund that offers investors exposure to the Asian equity markets (excluding Japan).

Fund description

- The investment philosophy is based on fundamental company and business analysis that aims to identify companies that are trading at a significant discount to the manager's assessment of the intrinsic value of the business.
- The fund searches for the most interesting and valuable companies in Asia, regardless of their style, size, industry and country, and reacts flexibly to any business changes in order to protect invested capital.
- The portfolio offers an exposure to all market capitalisations and is usually diversified, holding between 50 and 60 companies.

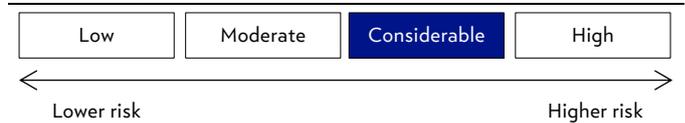
Key risks

- Equity market risk is the main risk to be considered for this fund as the manager intends to stay fully invested over time; therefore the fund's performance is highly dependent on the returns of the Asian equity market.
- The value of equities can be affected by daily stock market movements. Other influential factors include political news, economic news, company earnings and significant corporate events.
- As the portfolio composition may substantially differ from that of the index, it may suffer from short- and medium-term underperformance.
- The fund carries additional currency risk as well as liquidity risk, which is the risk that an investment cannot be bought or sold quickly enough to prevent or minimise a loss.

Source: Julius Baer Funds

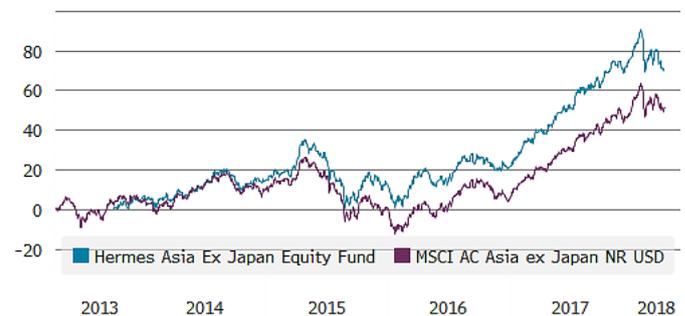
Please contact your Julius Baer relationship manager or investment advisor for further information and to discuss the suitability of this offering given your individual investment profile.

Julius Baer product risk rating



Fund performance

Five-year performance, in percentage (net)



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As of 10 April 2018, 14:52 CET

Source: Bloomberg Finance L.P., Julius Baer Investment Publishing

Past performance is not a reliable indicator of future results. Performance returns take into account all ongoing charges but not transaction fees. The value of your investment may go down as well as up meaning that you may not get back your initial investment.

Fund characteristics

Benchmark	MSCI AC Asia Ex Japan NR USD
Currency	USD
Other currencies	CHF-h, EUR-h, GBP-h
ISIN	IE00BBL4VW61
NAV as of 09.04.2018	USD 3.42
Size as of 31.03.2018	USD 4 053.80 million
Domicile	Ireland
Inception date	01.10.2013
Ongoing charge	1.59% p.a.
Sales Registrations	AT, BE, CH, DE, FR, IE, LU, NL, SG, UK, others

As of 10 April 2018, 14:53 CET

Source: Julius Baer Funds, MorningStar Schweiz GmbH, Fund provider

Additional Information: Fund provider: Hermes Investment Management Ltd; Swiss paying agent: NPB Neue Privat Bank AG; Swiss representative: Acolin Fund Services AG

Please find supporting documents (fund fact sheet, prospectus, annual report, etc.) on www.fundinfo.com, or contact your Julius Baer representative for further information.

Consider diversified exposure to the Asia Pacific – BGF Asian Dragon Fund

Investment case

- With the ongoing trade quarrels, the Asia Pacific region has once again become the centre of attention. We believe that the region offers a great range of investment opportunities and it is outperforming even in volatile markets.
- For investors looking to get broad exposure to Asia, and in particular to Indian and Chinese equities, we recommend the BGF Asian Dragon Fund.

Fund description

- This actively managed fund offers exposure to the Asian equity markets through a locally based and experienced portfolio manager. The manager searches for the most interesting and valuable companies in Asia regardless of their style, size, industry or country and reacts flexibly to any business changes in order to protect invested capital.
- The fund’s investment philosophy is based on fundamental company and business analysis. Within the portfolio construction process, the manager will consider macroeconomic inputs in order to identify areas that should deliver above-average performance. The portfolio contains around 60 stocks.

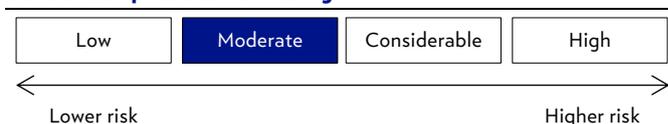
Key risks

- Equity market risk is the main risk to be considered for this fund as the manager intends to stay fully invested over time; therefore the fund’s performance is highly dependent on the returns of the Asian equity markets (excluding Japan).
- The value of equities can be affected by daily stock market movements. Other influential factors include political news, economic news, company earnings and significant corporate events.
- As the portfolio composition may substantially differ from that of the index, it may suffer from short- and medium-term underperformance.
- The fund carries additional currency risk as well as liquidity risk, which is the risk that an investment cannot be bought or sold quickly enough to prevent or minimise a loss.

Source: Julius Baer Funds

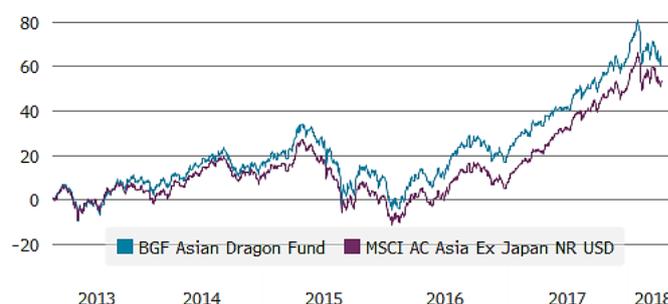
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Julius Baer product risk rating



Fund performance

Five-year performance, in percentage (net)



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Source: Bloomberg Finance L.P., Julius Baer Investment Publishing

Past performance is not a reliable indicator of future results. Performance returns take into account all ongoing charges but not transaction fees. The value of your investment may go down as well as up meaning that you may not get back your initial investment.

Fund characteristics

Benchmark	MSCI AC Asia Ex Japan NR USD
Currency	USD
Other currencies	AUD-h, CHF-h, EUR-h, GBP, PLN-h, SGD-h
ISIN	LU0072462343
NAV as of 09.04.2018	USD 45.43
Size as of 28.02.2018	USD 5 343.90 million
Domicile	Luxembourg
Inception date	02.01.1997
Ongoing charge	1.84% p.a.
Sales Registrations	AT, BE, CH, DE, ES, FR, HK, IE, IT, LU, NL, SG, UK, others

As of 10 April 2018, 14:54 CET

Source: Julius Baer Funds, MorningStar Schweiz GmbH, Fund provider

Disclosure: BlackRock Inc. holds voting rights in Julius Baer Group Ltd.

Additional Information: Fund provider: BlackRock (Luxembourg) S.A.; Swiss paying agent: State Street Bank International GmbH, München, Zweigniederlassung Zürich; Swiss representative: BlackRock Asset Management Schweiz AG

Please find supporting documents (fund fact sheet, prospectus, annual report, etc.) on www.fundinfo.com, or contact your Julius Baer representative for further information.

Consider diversified exposure to the Asia Pacific – AMC on JB Technical APAC Equity Portfolio

Investment case

- The Asia Pacific region offers a great range of investment opportunities as it is continuously growing and also implementing reforms.
- Technical analysis looks at markets and single instruments from a purely technical point of view, taking several mathematical parameters into consideration.

Product description

- Julius Baer Actively Managed Certificates (AMCs) are financial instruments that allow the investor to fully participate in the performance of the underlying.
- The product is suitable for investors with a considerable risk tolerance who wish to gain diversified exposure to the Asia Pacific.
- The AMC on the JB APAC Equity Portfolio is an actively managed notional portfolio of APAC equities, which is based on investment advice and recommendations from Julius Baer Technical Analysis. The notional portfolio includes up to 30 securities and represents their strongest conviction ideas based on their investment process.
- The notional portfolio is the result of top-down analysis, irrespective of the current in-house macro scenario and sector allocation, using purely technical analysis.

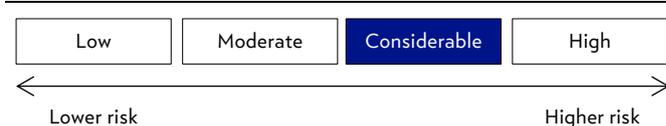
Key risks

- As the product invests mainly in the Asia Pacific region, it may be subject to particular political and economic risks.
- Investors are exposed to the issuer risk. The issuer is Bank Julius Baer & Co. Ltd., Zurich (Rating: Moody's A2).
- Julius Baer provides a secondary market for the product, but investors should be aware of the spread risk (bid/ask margin).

Source: Julius Baer Technical Analysis

Please contact your Julius Baer relationship manager or investment advisor for further information and to discuss the suitability of this offering given your individual investment profile.

Julius Baer product risk rating



Product characteristics

Underlying	Actively-managed portfolio consisting of equities using input from Julius Baer Technical Analysis
Currency	USD
ISIN	CH0359147995
Number of holdings	up to 30
Participation	100%
Issue date	06.04.2018
Issue price	USD 100.00, including distribution fee
Ask price as of 10.04.2018	USD 100.80
Tenor	Open end
Settlement	Cash
Issuer	Bank Julius Baer & Co. Ltd., Zurich
Issuer rating	A2 (Moody's)

As of 10 April 2018, 14:57 CET

Source: Julius Baer Investment Publishing

Consider diversified exposure to the Asia Pacific – JB Equity Asia Thematic II Tracker Certificate

Investment case

- We believe that the Asia Pacific region is too large to ignore. Asia Pacific is forecast to account for around half of all new wealth created in the world over the next five years, which underlines the region’s importance.

Product description

- Tracker certificates allow the investor to fully participate in the performance of the underlying.
- The product is suitable for investors with a considerable risk tolerance who wish to gain diversified exposure to the Asia Pacific.
- The investment strategy represents an actively managed notional basket comprised of securities of companies operating in the fast-growing Asia region. Investments in Japan, USA, United Kingdom, Australia and New Zealand may be included where opportunities arise. Structured products may be utilised for hedging / efficient portfolio management.
- The process begins with top-down analysis of the growth and interest rate outlook of individual countries and the economic fundamentals. Market factors such as valuations are also taken into consideration. Bottom-up stock selection focuses on identifying companies with above-average earning potential relative to their current valuation.

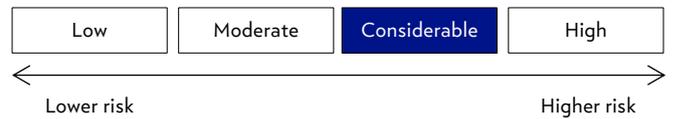
Key risks

- As the product invests mainly in the Asian market, it may be subject to particular political and economic risks.
- Investors are exposed to the issuer risk. The issuer is Bank Julius Baer & Co. Ltd., Zurich (Rating: Moody’s A2).
- Julius Baer provides a secondary market for the product, but investors should be aware of the spread risk (bid/ask margin).

Source: Julius Baer Structured Products Advisory

Please contact your Julius Baer relationship manager or investment advisor for further information and to discuss the suitability of this offering given your individual investment profile.

Julius Baer product risk rating



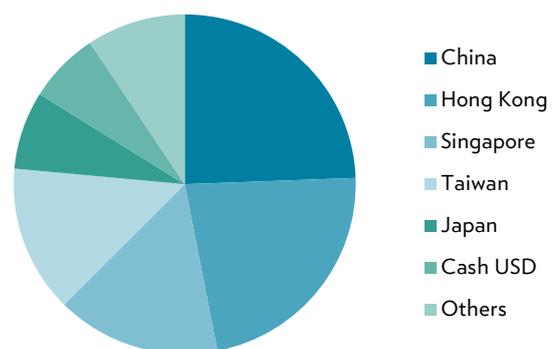
Product characteristics

Underlying	JB Asia Thematic Notional Portfolio II
Currency	USD
ISIN	CH0278972119
Number of holdings	47
Participation	100%
Issue date	13.05.2015
Issue price	USD 100.00
Ask price as of 10.04.2018	USD 105.60
Tenor	Open end
Settlement	Cash
Issuer	Bank Julius Baer & Co. Ltd., Zurich
Issuer rating	A2 (Moody’s)

As of 10 April 2018, 15:00 CET

Source: Julius Baer Structured Products Advisory, Julius Baer Investment Publishing

Allocation by country



Allocation as of 7 February 2018

Source: Julius Baer Investment Publishing

IMPORTANT LEGAL INFORMATION

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Methodologies

Please refer to the following links for more information:

Research Methodology: www.juliusbaer.com/research-methodology

Funds Methodology: www.juliusbaer.com/fund-methodology

Structured Products Methodology: www.juliusbaer.com/structuredproducts-methodology

Price information

Unless otherwise stated, the price information reflects the closing price of the previous trading day.

Net Asset Value (NAV) information: The Net Asset Value is calculated on the basis of the fund's dealing frequency and will be published with a delay.

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No further specific disclosures.

Recommendation history

Please refer to the following link for more information on the recommendation history:

www.juliusbaer.com/investment-recommendation-history

Frequently used terms

Bbl	Barrel	Bn	Billion	Bu	Bushel
CCY	Currency	Conversion premium	Percentage amount of price paid for the convertible security exceeding its current straight price.	CPN	Coupon
Delta	The ratio comparing the change in the underlying asset to the corresponding change in the price of a derivative (in %)	DUR	Duration in years	DY	Dividend yield
EBIT	Earnings before interest and taxes	EBITDA	Earnings before interest, taxes, depreciation and amortisation	ECB	European Central Bank
EPS	Earnings per share	ETC	Exchange Traded Commodity	ETF	Exchange Traded Fund
Fed	United States Federal Reserve System	GDP	Gross Domestic Product	Incr.	Increment; smallest possible positive change of the nominal amount tradable (on top of the minimum nominal investment size)
ISIN	International Securities Identification Number	KG	Kilogram	Lb	Pound
mBtu	Million British Thermal Units	Mdy's	Moody's	M	Million
NAV	Net asset value	Nom.	Nominal; minimum nominal investment size (in respective currency)	Oz	Ounces
P/B	Price-to-book value	P/E	Price-to-earnings ratio	PEG	P/E divided by year-on-year EPS growth
Payment rank	Rank with respect to payment of distributions for the security.	QE	Quantitative easing	ROE	Return on equity
Stop loss	Typically a closing order to sell a security at a specified price in order to limit an investor's loss on a security position.	TER	Total expense ratio	T	Tonne
YAS	Yield adjusted spread; option adjusted risk premium in basis points over respective government bond yield curve	YTC	Yield to call; in %	YTM	Yield to maturity; in %
YTP	Yield to put; in %	YTW	Yield to worst; in %	y/y	Year-on-year

Indices

AEX	Amsterdam Exchange Index (Dutch stock market index)	CAC40	Cotation Assistée en Continu (French stock market index)	DAX	Deutscher Aktien Index (German stock market index)
FTSE100	FTSE Group Index (London stock market index)	HIS	Hang Seng Index (Hong Kong stock market index)	KFX	Copenhagen Index (Danish stock market index)
MEXBOL	Mexican Bolsa (Mexican stock market index)	OMX	Stockholm Index (Swedish stock market index)	SMI	Swiss Market Index
SPX	Standard & Poor's Index	TPX	Topix – Tokyo Stock Price Index (Japanese stock market index)		

Major currencies

AUD	Australian dollar	JPY	Japanese yen
CHF	Swiss franc	NZD	New Zealand dollar
EUR	Euro	SEK	Swedish krona
GBP	British pound	USD	US dollar

Other currencies

BRL	Brazilian real	MXN	Mexican peso
CNY	Chinese yuan (onshore version)	PLN	Polish zloty
CZK	Czech koruna	RMB	Chinese renminbi
HUF	Hungarian forint	RUB	Russian rouble
INR	Indian rupee	TRY	Turkish lira
KRW	Korean won	ZAR	South African rand

Methodologies

EQUITIES

Rating system (stocks)

Buy	Expected to outperform the MSCI regional industry group by at least 5% in the coming 9–12 months, unless otherwise stated.
Hold	Expected to perform in line ($\pm 5\%$) with the MSCI regional industry group in the coming 9–12 months, unless otherwise stated.
Reduce	Expected to underperform the MSCI regional industry group by at least 5% in the coming 9–12 months, unless otherwise stated.

Risk rating system

The risk rating (High/Medium/Low) is a measure of a stock's expected volatility and risk of losses in case of negative news flows. This non-quantitative rating is based on criteria such as historical volatility, industry, earnings risk, valuation and balance sheet strength.

Frequency of equity rating updates

The Buy-rated equities are updated quarterly. The Hold and Reduce-rated equities are updated semi-annually or on an ad-hoc basis.

FIXED INCOME

Rating system

Buy	Within its risk category, the issuer is highly recommended due to its financial and business condition (strong balance sheet, income statement, cash flow and good position in the industry). Debt instruments of the issuer are regarded as an attractive investment from a risk/return perspective.
Hold	Maintain position based on stable credit fundamentals and/or average expected return characteristics within peer group.
Sell	The rating is changed to Sell, depending on a significant deterioration in the fundamental data of the issuer in relation to the industry peers. The investment is no longer justified from a risk/return perspective for the relevant category.

Risk categories

Conservative	Incorporates supranational issuers, top-rated sovereign issuers and bodies that are directly and fully guaranteed by these institutions. These issuers are most likely to preserve their top rating throughout the business cycle.
Quality	Incorporates sovereign and corporate issuers that are very likely to service and repay debt within a five-year credit scenario. They are likely to preserve their investment-grade rating throughout a normal business cycle.
Opportunistic	Incorporates issuers that are quite likely to service and repay debt within the five-year credit scenario. Such issuers have an attractive risk/return profile in the current credit scenario but are subject to rating downgrade risk and, thus, might be exchanged periodically.
Speculative	Incorporates sub-investment-grade issuers in Europe and the USA as well as local issuers in emerging markets. Issuers are likely to service and repay debt in the current credit scenario. Investors must note that these issuers are subject to a higher downgrade and default frequency and that an active management of these positions is crucial.

Credit ratings, following the definitions and methodology of credit rating agencies

	Moody's	S&P	Fitch / IBCA	Credit rating definition
Investment grade	Aaa	AAA	AAA	Obligations rated Aaa are judged to be of the higher quality, with minimal credit risk.
	Aa1	AA+	AA	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
	Aa2	AA	AA-	
	Aa3	AA-		
	A1	A+	A+	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
	Baa2	BBB	BBB	
Baa3	BBB-	BBB-		
Non-investment grade	Ba1	BB+	BB+	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Obligations rated B are considered speculative and are subject to high credit risk.
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
	Caa2	CCC	CCC	
	Caa3	CCC-	CCC-	
Ca	CC C	CC+ CC CC-	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.	
C	D	DDD	Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.	

Frequency of issuer rating updates

The issuer ratings are updated semi-annually, on a rating change or on an ad-hoc basis.

COMMODITIES

Rating system

Bullish	We see upside to the futures curve.
Neutral	We believe the futures curve is fairly priced.
Bearish	We see downside to the futures curve.

CURRENCIES

Rating system

For each of the currencies in our universe we award a bullish, neutral or bearish ranking based on the following method of calculation. Calculation procedure: the currency ratings are based on the forecasted spot exchange rate against the US dollar. The forecasted spot exchange rates are used to determine the total expected returns by calculating the percentage deviation from the respective forward exchange rates. If forward exchange rates are not available, then non-deliverable forward exchange rates are used. The expected total return is adjusted by the implied volatility of the exchange rate. The resulting volatility-adjusted total returns are scaled by using a normal distribution function. Currencies in the top quartile of the scaled ranking are awarded with a bullish ranking while currencies in the bottom quartile receive a bearish ranking. The currencies in-between are ranked neutral.

The methodologies mentioned above are based on Julius Baer Research

FUNDS

Investment styles

Independent growth	Aims to achieve positive return over a cash benchmark irrespective of market movements. May be appropriate for clients aiming to generate steady returns.
Opportunistic	Focus on investment ideas of high conviction managers which could also result in underperformance in the shorter term. May be appropriate for long term oriented investors.
Market exposure	Aiming to outperform the benchmark while providing a full and diversified exposure to the respective market. May be appropriate for investments in markets expected to outperform.
Prudent participation	Controlled exposure to the underlying universe with a higher focus on limitation of losses rather than fully capturing the upside. May be appropriate for clients aiming to achieve a cautious stance towards a market.

Distribution types

Accumulation	All capital income (e.g. dividends, interest income) is reinvested.
Income	Capital income (e.g. dividends, interest income) is distributed among investors. The amount of distributed capital income is at the discretion of the fund manager.

Julius Baer product risk rating

The Julius Baer Product Risk Rating divides financial instruments into four risk categories taking into account different risk factors, such as volatility, credit default risk, currency risk and other risk factors, depending on the instrument type. The risk category “Low” does not mean “risk free”. The Julius Baer Product Risk Rating is not aligned with the risk classification of the product provider (e.g. the SSRI for UCITS funds). For a full discussion of the risks associated with an investment in this fund, prospective investors should carefully review the current official fund documentation, such as the Prospectus, the Offering Memorandum, Product Highlight Sheet, Key Facts Sheet and the Key Investor Information Document (KIID), as applicable.

Low	Funds of the category “low” tend to experience small fluctuations of the investment value under normal market conditions, resulting in a very limited potential for capital losses but also have limited potential for income and capital growth.
Moderate	Funds of the category “moderate” offer a combination of modest income and growth potential but may experience short term losses and moderate fluctuations of the investment value.
Considerable	Funds of the category “considerable” may experience the risk of considerable fluctuation of the investment value while offering higher potential for capital growth and income.
High	Funds of the category “high” are exposed to significant risk and fluctuation including the loss of the investment value, while providing the potential to maximize long term growth opportunities.

Frequency of fund rating updates

The fund ratings are updated monthly. In some special cases, ratings may be updated more frequently than monthly. Due to specific investment philosophies you cannot expect a fund manager to outperform every calendar year and, therefore, actively managed funds are not appropriate for short-term investment.

STRUCTURED PRODUCTS

Frequency of structured products rating updates

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