Julius Bär

Glossary

Abbreviations and explanations

Term	Definition
Accruals	The accrued interest, i.e. the portion of interest on a bond due since the last payment, which the seller of a bond is entitled to if the bond is sold between two interest payment dates.
Actual % net	Actual percentage value of a current portfolio position in relation to the total assets of a portfolio (see also 'proposed % net').
Actual value	Current value of a portfolio position in the reference currency (see also 'proposed value').
adj.	Adjusted
AI	Artificial intelligence
AIF	Alternative investment fund
AIFM Directive	The Alternative Investment Fund Managers Directive is an EU-wide regulation introduced in 2011 to provide a common regime for the managers of funds dedicated to non-traditional assets, namely hedge funds and private markets funds. To market their funds within the EU, alternative investment fund managers must obtain an authorisation from at least one national EU regulator. This authorisation is delivered upon compliance with transparency and investor protection provisions.
AIFM	Alternative investment fund manager
All caps	Companies of all market capitalisations
Alpha	An investment strategy's ability to beat the market. Alpha is thus also often referred to as 'excess return' in relation to a benchmark, when adjusted for risk.
AMC (actively managed certificate)	A structured product that is based on a dynamic strategy and requires active management. The composition of the basket of underlying assets may change in line with the predefined investment guidelines during the term of the product.
American option	An option that can be exercised by the holder at any time prior to maturity (see also 'European option').
AMLA	Anti-Money Laundering Act
ann.	annualised
Arbitrage	Buying an asset in one market and selling it in another at a higher price to profit from the price difference.
Ask price	The lowest price a prospective seller is willing to accept; the opposite of a 'bid price'.
Asset class	A broad group of securities or investments that tend to react similarly in given market conditions. There are three basic asset classes: equity securities (stocks), fixed income securities (bonds) and cash equivalents (money market instruments). Further asset classes are real estate, commodities and currencies.
AuM	Assets under management
Backtesting	The process of evaluating a strategy, theory or model by applying it to historical data. It can be used, for example, to study how a trading method would have performed during past stock market developments.
Backwardation	A situation where the current spot price exceeds the futures price; opposite of 'contango'.
Barrier	High: If the barrier is touched, the product will automatically be called. Low: If the barrier is touched, the product's risk buffer is exhausted and the capital protection is lost.
Base currency	The currency used to value the total portfolio, which may include investments denominated in other currencies.
Basis points (bp)	A common unit of measure for interest rates and other percentages. One basis point is equal to 0.01 per cent.
Basket certificate	A certificate that provides exposure to a basket of underlying financial instruments, typically a number of stocks.

Term	Definition
Benchmark	A predefined index used as a basis for comparison to evaluate the performance of an investment.
Beta	A measure of the volatility (systematic risk) of a security as compared to the broader market.
Bid price	The highest price a prospective buyer is willing to pay; the opposite of an 'ask price'.
BIS	Bank for International Settlements
bn	Billion
Bond	A debt obligation, i.e. a form of borrowing. The money that a bond issuer receives in return is a loan and must be repaid over time. Usually the repayment of a bond also entails the payment of periodic interest (see also 'coupon') to the buyer of the bond.
Bond payment ranking	A classification that determines the order of payment to investors if an issuer has defaulted and is liquidated. The higher the ranking, the higher the potential for a partial recovery of the investment.
Bond rating	Current rating assigned by Moody's, Standard & Poor's (S&P), or Fitch.
Book-building	The process by which an underwriter attempts to determine the price at which to place a securities offering, such as an initial public offering, based on demand from institutional investors. This is done by accepting orders from fund managers, who indicate the number of shares they desire and the price they are willing to pay.
Bottom up	Investment approach based on the analysis of individual stocks rather than market cycles.
Break-even level	The price of an underlying at which the holder of a financial investment makes neither a profit nor a loss.
c.c. (constant currencies)	Exchange rates that eliminate the effects of fluctuations when calculating financial performance numbers for various financial statements. Companies with significant foreign operations often use constant currencies when calculating their yearly performance measures.
c.p. (ceteris paribus)	all else being equal
CAGR (compound annual growth rate)	The rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan.
Call Option	Call options are agreements that give the buyer the right, but not the obligation, to buy an instrument at a specified price within a specific time period.
Callable	Attribute of a financial instrument whereby the borrower has the option to pay back its debt at predefined dates and under predefined conditions.
Capex	Capital expenditure
Cash settlement	Cash payment that the holder of a product receives on the maturity instead of the delivery of a financial product.
CBI	Central Bank of Ireland
CCY	Currency
CET	Central European Time
CET1 (common equity tier 1)	CET1 is the comparison of a bank's core capital against its risk-weighted assets. This ratio reflects a bank's ability to withstand financial distress. A bank's core capital encompasses equity capital and disclosed reserves, e.g. retained earnings.
CFF (cash flow from financing)	An item on a company's cash flow statement that shows the net flows of cash that are used to fund the company. It offers investors insight into a company's financial strength and how well a company's capital structure is managed.
CFI (cash flow from investing)	An item on a company's cash flow statement that reports the aggregate change in a company's cash position due to investment gains or losses and changes resulting from amounts spent on investments in capital assets.
CFO (cash flow from operations)	An item on a company's cash flow statement that indicates the amount of money a company brings in from regular business activities, such as manufacturing and selling goods or providing services.
CMD (capital markets day)	An event organised by companies, often off-season, to provide financial stakeholders with the opportunity to meet the company's management and obtain more information on the company or an update on its strategy.
CoCo (contingent convertible bond)	Hybrid capital securities that absorb losses when the capital of the issuing bank falls below a specific level or to cover losses due to an asset validation review. In case of a breach of such predefined capital levels, this type of debt is reduced and bank capitalisation is restored in order to comply with the respective regulatory requirements. CoCos can absorb losses either by converting into common equity or by suffering (temporary) write-downs of their principal. The trigger for the loss-absorption mechanism can either be mechanical (breach of predefined capitalisation ratios) or discretionary (i.e. subject to judgement by the respective financial authorities).

Term	Definition
CoCo trigger action	Loss-absorption action taken after the trigger has been activated for a contingent convertible (CoCo) bond.
CoCo trigger level	The predefined ratio of an issuer's risk-weighted assets which, when breached, causes a contingent convertible (CoCo) bond to either convert into equity or to write down its nominal.
Composite performance	Composite performance is the asset-weighted average performance of an aggregation of discretionary portfolios according to their product line, investment strategies, and currencies. The composites include all client portfolios that meet the composite definition and are above the minimum investment size.
Concentration risk	Concentration risk describes the level of risk in a portfolio arising from concentration to a single counterparty, sector or country.
Consensus	Average analyst expectation
Consensus rating	This rating indicates the analysts' opinions on the security and shows the number of analysts covering the security and the breakdown between Buy, Hold and Reduce ratings.
Consensus target	This is the average price to which analysts expect the security to rise.
Contango	A situation where the futures price exceeds the current spot price; opposite of 'backwardation'.
Convexity	A measure of the curvature in the relationship between bond prices and bond yields, which is often used as a risk-management tool.
Correlation	A measure of the strength of the relationship between the return of two different investments. The lower the correlation, the greater the diversification benefits of holding those two investments.
Cost forex	The foreign exchange (forex) price of a position at the time of the purchase. In the case of several transactions (buys and/or partial sells), the average forex price is used.
Cost price	The price of a product which only covers its production, but excluding any margin. In the case of several transactions (buys and/or partial sells), the average cost price is used.
Country of risk	The country of the issuer or guarantor of credit risk.
Coupon	The interest paid on the face value of a bond.
Coupon reset index	The benchmark index used as a base rate to calculate the interest rate.
CPR (consolidated product risk)	The CPR is calculated by summing up the weighted product risk rating of each investment instrument held in the portfolio.
Crossover	A bond rated as 'investment grade' by one credit rating agency and 'high yield' by another (also known as a 'split rating').
CSSF	Commission de Surveillance du Secteur Financier (Luxembourg)
CTA (commodity trading advisor)	A CTA fund is a hedge fund that uses futures contracts in order to achieve its investment objective.
Cur.	Current
CVaR (conditional value at risk)	The weighted average of the losses on an investment over a predefined period in the unlikely event that the scenarios are below the 'value-at-risk' level in the tail of the distribution of possible returns. CVaR is also known as the 'expected shortfall'.
DCF (discounted cash flow)	A valuation method used to estimate the value of an investment based on its future cash flows.
Dealing frequency	The frequency with which subscription to and redemption from the fund may be effected, based on the pricing and dealing methodology of the fund.
Delta	Sensitivity of an option price to changes in the underlying.
Derivative	A financial product that derives its value from other financial securities or market performances.
Dilution	An effect that occurs when a company issues new stock, resulting in a decrease of the existing stockholders' ownership percentage in that company.
Discount	The amount by which a product's sale or market price is lower than its reference price or fundamental value.
Distribution type	(in connection with funds) Accumulating: income and capital gains are retained and reinvested into the fund. Distributing: income and capital gains are distributed to shareholders.
Dividend	The amount of money that a company regularly pays out to its shareholders (in cash or stock).

Term	Definition
Dividend yield	The ratio of a company's annual dividend to its share price.
DM (developed market)	A market characterised by a highly developed economy with a long tradition; usually a post-industrial economy that is more strongly based on the services rather than the industrial sector (see also 'emerging market').
DUR (duration)	1) A measure of the sensitivity of the price of a debt instrument to a change in interest rates, which is expressed in years. 2) The weighted average time until all the underlying instrument's cash flows are paid. The measure helps investors evaluate and compare debt instruments regardless of their term or time to maturity.
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	European Central Bank
EM (emerging market)	A market that is progressing towards becoming advanced, as shown by some liquidity in local debt and equity markets and the existence of some form of market exchange and regulatory body.
Embedded derivative	Part of a financial instrument that also includes a non-derivative host contract, where some portion of the financial instrument's value adjusts in relation to changes in a given variable, such as an interest rate, the price of a commodity, a credit rating or a foreign exchange rate. An example of an embedded derivative would be the coupon payment of a bond that adjusts to changes in the rating of the issuer.
EPS	Earnings per share
Equity risk premium	The excess return that investing in the stock market provides over a risk-free rate. This compensates investors for taking on the relatively higher risk of equity investing.
ESG leaders and laggards	Issuers that have obtained the highest (leaders) and lowest (laggards) scores according to the Julius Baer (JB) ESG Investment Rating Methodology.
ETD (exchange-traded derivative)	A financial instrument that trades on a regulated exchange and whose value is based on the value of another asset. Futures and options are two of the most popular exchange-traded derivatives.
ETF (exchange-traded fund)	A basket of securities that tracks an underlying index.
European option	An option that can only be exercised at maturity.
EV (enterprise value)	A measure of a company's total value, often used as a more comprehensive alternative to equity market capitalisation, because it also includes short-term and long-term debt as well as any cash on the company's balance sheet.
Ex date; ex-dividend date	The date as of which a security is traded without a previously declared dividend or distribution. On the ex date, the seller – not the buyer – of a stock is entitled to a recently announced dividend.
Face value	The nominal value of a security stated by the issuer.
Fair value	1) The sale price agreed upon by a willing buyer and seller, assuming both parties enter the transaction freely and knowledgeably. For many investments, the fair value is determined by a market where the security is traded. 2) The value of a company's assets and liabilities, including those of any subsidiaries.
FCF (free cash flow)	The cash a company generates after cash outflows to support operations and maintain its capital assets. It is a measure of profitability that excludes the non-cash expenses of the income statement and includes spending on equipment and assets, as well as changes in working capital.
Fed	US Federal Reserve
FFO (funds from operations)	The figure used by real estate investment trusts to define the cash flow from their operations.
Final fixing date	The date on which the final level of the underlying will be fixed to determine a structured product's redemption value.
Final redemption date	The date on which the redemption value of a structured product is paid.
Forward contract	A contract that obliges the holder to buy/sell an asset at a predefined delivery price and a predefined future date; traded over the counter (see also 'futures contract').
Free float	The proportion of a company's total number of shares in issue that are not owned by long-term investors (e.g. founders, management and institutional investors) and are tradable on the stock exchange at any time. Small shares held by private investors are counted as part of the free float even though, in theory, they can also be held for the long term.
Fund splitting	Breaking down a fund into asset classes to depict the exposure to cash, bonds, equities and alternative investments (or others).

Term	Definition
Futures contract	An agreement between two parties to exchange an asset at a predefined delivery price and a predefined future date; exchange-traded with certain standardised features (see also 'forward contract').
FX	Foreign exchange
FY	Fiscal year
FY1 P/E	Forward-looking price/earnings ratio
Gamma	The rate of change (sensitivity) in an option's delta per one point move in the underlying asset's price.
GDP	Gross domestic product
Gov	Government bonds
Gov't spread	The difference in yield of a bond over the corresponding government bond yield, measured in basis points.
Greenshoe	The issuance of additional shares at an 'initial public offering' if demand is so strong that not all applicants receive an allocation.
Growth market	An 'emerging market' that has higher economic growth and a more advanced level of industrialisation than other emerging markets but lacks important political (e.g. democratic) and social structures (e.g. a healthcare system) that characterise a 'developed market'; see also 'developed market', 'emerging market'.
Hazard rate	A measure of the probability of default in a short period of time, based on the condition that there has been no earlier default.
High-yield bond (HY)	A bond that is rated below 'investment grade'; characterised by a higher risk of default, but typically also higher yields than better-quality bonds to compensate investors for the higher risk.
H1; H2	First/second half of the year
HWM (high-water mark)	A benchmark in investment funds – especially hedge funds – which ensures that performance fees are only charged on new gains above the highest previously achieved net asset value (NAV). This prevents managers from earning fees on recoveries from past losses.
IG	Investment-grade bonds
Initial fixing date	The date on which the initial level of a structured product and, if applicable, the weight of its underlyings are fixed.
Intrinsic value	The value of a company, stock, currency or product, which is determined through fundamental analysis without reference to its market value.
Investment grade	A rating assigned by rating agencies to issuers and/or bonds with a very good or good credit quality, implying relatively low default risk. Ratings by Standard & Poor's (S&P) and Fitch ranging from AAA to BBB- and by Moody's ranging from Aaa to Baa3 are defined as investment grade.
Investment horizon	Investment horizon is the term used to describe the total length of time that an investor expects to hold a security or a portfolio.
Investment objective	An investment objective is a set of goals that determines an investor's financial portfolio.
Investment strategy	A set of guidelines to achieve the defined investment objectives based on an investor's risk profile. A usual example: Fixed income: - Long-term preservation of assets *Return:* -Ongoing interest earnings à Minimum volatility of capital income Income: - Long-term preservation/moderate growth of assets *Return:* - Primarily from ongoing interest and dividend earnings and supplemented by modest capital gains à Low volatility of capital Balanced: - Long-term asset growth *Return:* - From ongoing interest and dividend earnings, as well as from capital gains à Medium volatility of capital Growth: - Long-term maximisation of asset growth *Return:* - Mainly from capital gains, supplemented by very low ongoing interest and dividend earnings à High volatility of capital Capital gain: - Maximisation of asset growth *Return:* - From capital gains à Very high volatility of capital

Term	Definition
IPO (initial public offering)	The listing of a private company, whose share capital was previously privately owned, on the stock exchange; a process that is usually conducted by one or more investment banks.
IPO lock-up (lock-up period after an IPO)	The period after a company has gone public when major shareholders are prohibited from selling their shares.
ISIN	International securities identification number
ISM	Institute for Supply Management
Issue date	The date on which a product is issued.
Issuer	A legal entity (such as a corporation, investment trust, government or government agency) that is authorised to issue (i.e. offer for sale) its own securities.
Issuer risk	The probability of incurring losses due to changes in the value of a financial instrument arising from changes in the financial condition of the issuer of the instrument.
JB ESG category	The Julius Baer ESG Investment Rating Methodology categorises financial instruments into four categories. These categories are (highest to lowest): sustainable investments, responsible investments, traditional investments, ESG risk investments.
Julius Baer climate score	Considers greenhouse gas emissions and an issuer's exposure to the shift towards a net-zero emissions world.
Julius Baer governance score	A measure of the business behaviour of an issuer, such as exposure to and management of fraud & corruption, board structures, and ownership structures (e.g. shareholder rights).
Julius Baer human capital score	Measures human-capital development opportunities and employee conditions (e.g. diversity & inclusion, harassment prevention, and health & safety practices).
Julius Baer Investment Universe	Recommended instrument universe of Julius Baer, which is based on internal research and due diligence processes.
Julius Baer natural capital score	Measures the impact of an issuer on biodiversity through, for example, water management, raw-material sourcing, and waste management.
k	Thousand
KYC	Know your customer
Large caps	Companies with market capitalisations of more than USD 10 billion.
Last trading date	The last date on which a financial product may be traded, until the official close on the stock exchange.
l.h.s.	Left-hand scale
Local currencies (l.c.)	The currency of a particular country where a transaction is being carried out.
LTM	Last twelve months
m	Million
Market cap.	Market capitalisation
M. dur. (modified duration)	The sensitivity of a bond's price to changes in interest rates.
m/m	Month-on-month
Maturity	The time when a bond or other financial instrument is due for redemption (i.e. due to mature).
max.	maximum
Max. drawdown	The worst loss that would have occurred during a backtesting period, when buying at the worst possible moment and selling at the worst possible moment (opposite of 'max. gain').
Max. gain	Maximum profit during a given period, when buying at the best possible moment and selling at the best possible moment (opposite of 'max. drawdown')
Mid caps	Companies with market capitalisations between USD 2 billion and USD 10 billion.
Min	Minimum nominal investment size
Moody's	Moody's rating agency

Term	Definition
MSCI controversies	Analysis and monitoring conducted by MSCI of companies' management strategies and their actual performance by looking for instances where companies are involved in major ESG-related controversies.
MSCI ESG rating	Measures an issuer's resilience to material, long-term ESG risks within a sector. Issuers are rated on a scale from AAA to CCC (where AAA is the best).
MV (market value)	The price an asset would fetch in the marketplace. It is also commonly used to refer to the market capitalisation of a publicly traded company, and it is obtained by multiplying the number of its outstanding shares by the current share price.
MWR (money-weighted rate of return)	The money-weighted rate of return (MWR) is a measure of the performance of an investment.
n/a	not available
n.c.	Not covered by Julius Baer Research
NAV (net asset value)	The cash value per share, calculated by dividing the total value of all the securities in a fund's portfolio, less any liabilities, by the number of fund shares outstanding.
Non-investment grade	A rating assigned by rating agencies to issuers and/or bonds with low credit quality, implying substantial to high default risk. Ratings by Standard & Poor's (S&P) and Fitch ranging from BB+ to D and by Moody's ranging from Ba1 to C are defined as non-investment grade.
NPL (non-performing loans)	The sum of borrowed money for which the debtor has not made the scheduled payments over a specific period.
ø	Arithmetic mean
OCIO	Outsourced Chief Investment Officer
Option	Financial instruments that are derivatives.
Option premium	The price of a specific option contract that has yet to expire.
p.a.	Per annum
P/B (price/book)	A measure used to compare a firm's market-to-book value by dividing price per share by book value per share.
P/CF (price/cash flow)	A stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share.
P/E (price/earnings)	A ratio for valuing a company that measures its current share price relative to its per-share earnings.
P/L	Profit/loss
P/L (FX) currency	The (unrealised) currency-related profit/loss on the position in percentage terms, dependent on the exchange rate at purchase.
P/L market	The (unrealised) market-related profit/loss on the position in percentage terms, dependent on the purchase price.
P/L total	The total (unrealised) market-related profit/loss on the position in percentage terms as a result of market movements (P/L market) and exchange rate changes (P/L currency).
P/S (price/sales)	A valuation ratio that compares a company's stock price to its revenues. It is an indicator of the value placed on each dollar of a company's sales or revenues.
Par value	The face value of a bond, which is the basis for the interest calculation and the amount that will be redeemed at maturity.
Participation	The participation level tracks the upwards and downwards movements of the corresponding underlying.
Payment date	The date on which a declared stock dividend is scheduled to be paid. Also, it can refer to the due date when the issue price is owed for a product.
Payment rank	Order of priority for paying back debt in the case of a company's bankruptcy or liquidation.
Peer groups	A group of companies with similar characteristics.
PEG (price/earnings to growth)	Price-earnings ratio divided by year-on-year earnings-per-share growth.
Percentage point (ppt)	The unit for the arithmetic difference between two percentages, e.g. moving from 30% to 33% is a 3 percentage point increase.
Period max. drawdown	Time period during which the 'maximum drawdown' has occurred.

Term	Definition
Period max. gain	Time period during which the 'maximum gain' has occurred.
Physical delivery	An agreement that the account of a holder of a structured product will be credited on the maturity date with an appropriate number of underlying instruments, provided the relevant conditions have been fulfilled.
PMI	Purchasing managers' index
Portfolio net return	Portfolio return after fees and taxes
Portfolio risk	The risk that an investment portfolio may not achieve its objectives. This is derived from the risk of the underlying holdings in a portfolio.
PPP	Purchasing power parity
Ppt	Percentage point(s)
Premium	The amount by which a product's sale or market price is above a reference price or its fundamental (intrinsic) value.
Product risk	Julius Baer assigns a product risk category between 'low' and 'high' to financial instruments, taking different risk factors into consideration. Low: Products that tend to experience small fluctuations in investment value under normal market conditions, resulting in a very limited potential for capital losses, but which also have limited potential for income and capital growth. Moderate: Products that offer a combination of modest income and growth potential but may experience short-term losses and moderate fluctuations in investment value. Considerable: Products that may experience the risk of considerable fluctuations in investment value while offering higher potential for capital growth and income. High: Products that are exposed to significant risks and fluctuations, including a loss in the investment value, while providing the potential to maximise long-term growth opportunities.
Proposed % net	Proposed percentage value of a portfolio position in relation to the total assets of a portfolio; see also 'actual % net'.
Proposed value	Proposed value of a portfolio position in the reference currency; see also 'actual value'.
Protection	Capital-protected products ensure recovery of the initial investment (or part of the initial investment, depending on the protection level) and are guaranteed by the issuer.
P/TBV	Price-to-tangible book value
Put	Put options are agreements that give the buyer the right, but not the obligation, to sell an instrument at a specified price within a specific time period.
QIAIF (Qualifying investor alternative investment fund)	A qualifying investor alternative investment fund (QIAIF) is an alternative investment fund authorised by the Central Bank of Ireland, which may be marketed to qualifying investors. It is subject to AIFM (alternative investment fund manager) Regulations.
Qty	Quantity
q/q	Quarter-on-quarter
Q1/Q2/Q3/Q4	First/second/third/fourth quarter
RAIF (Reserved alternative investment fund)	A reserved alternative investment fund (RAIF) is an investment fund that can invest in all types of assets. It qualifies as an alternative investment fund (AIF) and is not itself subject to regulatory product approval. RAIFs must appoint an authorised external alternative investment fund manager (AIFM). If the AIFM is domiciled in the EU, RAIFs can market their shares, units, or partnership interests via a specific passport to well-informed investors throughout the EU.
Rank	Priority level at which debt claims are paid by a firm that is going through a bankruptcy or liquidation.
Rating structure	An illustration of the creditworthiness of a debtor, which shows its capacity to service debt (interest and repayment).
RCF	Retained cash flow
REIT	Real estate investment trust
Return	Time-weighted return (TWR): the period return for each payment flow. Cash flows (investments and withdrawals) are taken into consideration. Money-weighted return (MWR): the return in relation to the average invested capital. Cash flows are not relevant for performance.
r.h.s.	Right-hand scale

Term	Definition
Risk currency	The currency to which the issuer of a financial instrument has the highest exposure, which may differ from its trading currency.
Risk profile	The ability and tolerance to take investment risks. Low: Investors are willing and able to take only small risks resulting in almost no capital losses. As they will only accept low fluctuations in the value of their investment, they prefer income-generating investments with small growth. Moderate: Investors are willing and able to accept occasional short-term losses for potential positive returns. As they can accept moderate fluctuations in the value of their capital, they want a combination of modest income and growth. Considerable: Investors are willing and able to accept some investment risk for potentially higher returns. They know there will be fluctuations in market value, and they want to achieve the potential for capital growth and income. High: Investors are willing and able to accept a significant risk, including the possible loss of principal for the potential to maximise long-term returns. They know that their capital will undergo significant fluctuations, and they want maximum growth opportunities for their investment.
ROA (return on assets)	An indicator of how profitable a company is relative to its total assets.
ROE (return on equity)	A measure of financial performance calculated by dividing net income by shareholders' equity.
Rolling correlation	A measure of the change in the correlation between two assets over a specific time period. A stable rolling correlation over time makes it easier to measure risk.
RoTE	Return on tangible equity
RQFII (Renminbi Qualified Foreign Institutional Investor)	A scheme that allows offshore investors in Hong Kong to invest offshore renminbi in the Chinese mainland securities markets via the Hong Kong subsidiaries of mainland Chinese securities companies and fund management companies.
SAA (strategic asset allocation)	Strategic asset allocation determines the composition of a portfolio according to the investor's risk tolerance.
SARON	SARON is a Swiss daily reference rate that is based on repo transactions and is used for overnight lending. It also replaced LIBOR in 2021 as the basis for money market mortgages in Switzerland.
Secondary shares	(In connection with initial public offerings.) Existing shares of common stock that are sold to investors in an offering. They do not increase the number of total shares outstanding and hence make the offering non-dilutive to earnings per share.
Sector	(In connection with equities.) A key area of the economy, defined according to the Julius Baer Financial Instruments sector classification.
Security no.; valor number	Swiss security number
Settlement type	The type of settlement at the expiration date determines whether an investor receives cash or the underlying asset(s).
SFC authorisation	Denotes a fund that has been authorised by the Securities and Futures Commission (SFC) for marketing to the public in Hong Kong. SFC authorisation does not imply official recommendation and is not a recommendation or endorsement of a product, nor does it guarantee the commercial merits of a product or its performance.
SFDR category	The Sustainable Finance Disclosure Regulation (SFDR) category indicates whether a fund distributed in the European Union has sustainable investments as its objective (Art. 9), promotes environmental or social characteristics (Art. 8), or has not integrated sustainable aspects to the investment process (Art. 6).
Share class	(In connection with funds.) A unit of a fund in a currency other than that of the main share class, which may be hedged. A share class can also be distributing or accumulating, for private or institutional investors, etc. All share classes invest in the same portfolio, but each has a different net asset value and different performance results.
Sharpe ratio	A risk-adjusted measure of return that is often used to evaluate the performance of a portfolio. It describes how much excess return an investment has made for its extra volatility (i.e. higher risk). A high ratio is considered better than a low ratio.
SIF (Specialised investment fund)	A specialised investment fund can invest in all types of assets. It usually qualifies as an alternative investment fund and can be sold to well-informed investors. SIFs that have appointed an EU alternative investment fund manager can market their shares, units, or partnership interests via a specific passport to well-informed investors throughout the EU.
Small caps	Companies with market capitalisations below USD 100 million.
SMI	Swiss Market Index
SPI	Swiss Performance Index

Term	Definition
SSPA risk and SSPA risk type	Please refer to: https://www.six-structured-products.com/arcmsdownload/c75a7baa5273f49c30181e3444ff4c60/CONTENT.pdf/en_sspaswissmap_2024.pdf
Stop-loss price	Standing order to sell a security if a predefined price has been reached.
Strategic range	Longer-term asset allocation targets
Structured product	The financial instrument of a specific issuer, which is constructed out of a combination of one or several underlyings as well as derivative components (e.g. options). Depending on the chosen structure, the payout profile of the product differs.
Swap	A derivative contract through which two parties exchange the cash flows or liabilities from two different financial instruments.
Synthetic replication	The strategy of a financial product that replicates the underlying benchmark with swap contracts and/or 'derivatives'. This strategy involves additional risk for investors, related to the derivatives counterparty.
TAA (tactical asset allocation)	The current investment view of Julius Baer's Investment Committee for a given investment strategy.
Tactical range	Short-term asset allocation targets
Tenor	The amount of time remaining for repaying a loan or contract.
TER (total expense ratio)	A measure of the total costs associated with managing and operating an investment fund, such as a mutual fund.
Time to recovery	With respect to 'maximum drawdown', the period in months from the investment's lowest point to the level of the previous high.
Time underwater	The longest time in months during which a portfolio registered a negative performance.
Time value	The excess of an option's value over its intrinsic value.
Top down	Investment analysis approach that prioritises the market environment and macroeconomic factors such as gross domestic product, employment, taxation, and interest rates, and only then looks at microeconomic factors such as individual sectors or companies.
Top-down asset allocation	Asset allocation based on an analysis that first looks at macroeconomic data and only then selects regions, sectors, and individual companies.
Tracking error	The divergence between an investment, fund, or portfolio, and its benchmark.
TWR (time-weighted rate of return)	The time-weighted rate of return (TWR) is a measure of the compound rate of growth in a portfolio.
UCITS (Undertakings for Collective Investments in Transferable Securities)	A regulatory framework of the European Commission that creates a harmonised regime throughout Europe for the management and sale of mutual funds. UCITS funds can be registered in Europe and sold to investors worldwide using unified regulatory and investor protection requirements. UCITS fund providers who meet the standards are exempt from national regulations in individual European countries.
Underlying	An asset to which a financial product is referenced and from which it derives its value.
UNGC compliance	The United Nations Global Compact principles indicate to what extent international standards in the areas of human and labour rights, environment, and anti-corruption have been satisfied.
VaR (value at risk)	A statistic that measures and quantifies the level of financial risk within a firm, portfolio or position over a specific time frame.
Volatility	The degree of variation of a trading price series over time as measured by the standard deviation of logarithmic returns.
Warrants	Financial derivatives that give the buyer the right, but not the obligation, to buy (call) or sell (put) a financial asset at a pre-agreed price level, during a pre-agreed period of time or on a pre-agreed exercise date. The buyer of the option pays a premium to the seller for the granted buying or selling right.
WTI	West Texas Intermediate
y/y	Year-on-year
YAS (yield-adjusted spread)	Difference in the yield of a fixed income security over the risk-free rate of return for the same tenor, adjusted to take into account any 'embedded option'.
Yearly return	The yearly return is a measure of how much the share class has increased during the observed year.

Term	Definition
Yield	The yield on a security is a measure of the ex-ante return to a holder of the security. It is one component of return on an investment, the other component being the change in the market price of the security. There are various types of yield, and the method of calculation depends on the particular type of yield and the type of security.
YTC (yield to call)	The average rate of return an investor would receive for a fixed income investment held until a given call date. The calculation, therefore, considers the coupon as well as a possible capital gain/loss that would occur if the instrument was held until the call date.
YTD (year to date)	The period spanning from the beginning of the current year to the present day, used to measure performance and/or changes over this time frame.
YTM (yield to maturity)	The average rate of return an investor would receive for a fixed income investment held until maturity. The calculation considers the coupon as well as a possible capital gain/loss that would occur if the instrument was held until maturity.
YTP (yield to put)	The average rate of return an investor would receive for a fixed income investment held until a given put date. The calculation considers the coupon as well as a possible capital gain/loss that would occur if the instrument was held until the put date.
YTW (yield to worst)	The average rate of return an investor would receive for a fixed income investment held until the most likely maturity (considering potential call and put dates). The calculation considers the coupon as well as a possible capital gain/loss that would occur if the instrument was held until the most likely maturity.
12-month performance	The 12-month performance reflects the return on investment over the past 12 months.

Currencies

AUD	Australian dollar	ISK	Icelandic krone
BRL	Brazilian real	JPY	Japanese yen
CAD	Canadian dollar	KRW	Korean won
CHF	Swiss franc	MXN	Mexican peso
CLP	Chile peso	MYR	Malaysian ringgit
CNH	Chinese yuan (offshore version)	NOK	Norwegian krone
CNY	Chinese yuan (onshore version)	NZD	New Zealand dollar
COP	Columbian peso	PHP	Philippine peso
CZK	Czech krone	PLN	Polish zloty
DKK	Danish krone	RMB	Chinese renminbi
EGP	Egyptian pound	RUB	Russian rouble
EUR	Euro	SEK	Swedish krona
GBP	British pound	SGD	Singapore dollar
HKD	Hong Kong dollar	TRY	Turkish lira
HUF	Hungarian forint	TWD	Taiwan dollar
IDR	Indonesian rupiah	USD	US dollar
ILS	Israel shekel	ZAR	South African rand
INR	Indian rupiah		

Countries

AE	United Arab Emirates	FR	France	NL	Netherlands
AR	Argentina	GB	United Kingdom	NO	Norway
AT	Austria	GR	Greece	NZ	New Zealand
BE	Belgium	HK	Hong Kong	PA	Panama
BH	Bahrain	HR	Croatia	PE	Peru
BR	Brazil	ID	Indonesia	PH	Philippines
CA	Canada	IE	Ireland	PL	Poland
CH	Switzerland	IL	Israel	PT	Portugal
CL	Chile	IN	Indonesia	QA	Qatar
CN	China	IS	Iceland	RU	Russia
CO	Colombia	IT	Italy	SA	Saudi Arabia
CY	Cyprus	JP	Japan	SNAT	Supranational institution
CZ	Czech Republic	KZ	Kazakhstan	TR	Turkey
DE	Germany	LU	Luxembourg	US	United States
ES	Spain	MX	Mexico	VE	Venezuela
FI	Finland	NG	Nigeria	ZA	South Africa

Technical analysis

Term	Description
Bollinger-Band	The middle Bollinger band is a 20-day simple moving average, the higher and lower bands are calculated as a 20-day simple moving average plus or minus two standard deviations on a 20-day period.
C	Closing price
H	High price
L	Low price
LT	Long-term (> 26 weeks)
MAV	Moving average
Momentum	Medium-term (8-26 weeks)
MT	Momentum is derived from different rate of change calculations based on the underlying instrument.
ST	Short-term (2-8 weeks)

Julius Baer product risk rating

The Julius Baer Product Risk Rating is an indicator that describes the financial risk of a specific financial instrument without considering its context in a portfolio and ranges from 1 (low risk) to 7 (high risk). It is based on three underlying risk components: market risk, default risk, and liquidity risk. Market risk estimates how much a financial instrument's value can lose over a specific period and with which probability. It captures the volatility and/or downside risk of a financial instrument. Default risk (or credit risk) estimates the likelihood of an issuer or counterparty defaulting and captures credit spreads or agency credit ratings. Liquidity risk estimates the amount of time and costs required to liquidate a financial instrument. It captures market capitalisation, trading volumes, and costs. The Julius Baer Product Risk Rating is not static and may vary over time. An allocation to the lowest risk rating does not mean that a financial instrument is risk-free.

Risk level	Description
1	This rates the potential losses from future performance at a very low level, and poor market conditions are extremely unlikely to impact the counterparty's capacity to pay you.
2	This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact the counterparty's capacity to pay you.
3	This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact the counterparty's capacity to pay you.
4	This rates the potential losses from future performance at a medium level, and poor market conditions might impact the counterparty's capacity to pay you.
5	This rates the potential losses from future performance at a medium-high level, and poor market conditions are likely to impact the counterparty's capacity to pay you.
6	This rates the potential losses from future performance at a high level, and poor market conditions are very likely to impact the counterparty's capacity to pay you.
7	This rates the potential losses from future performance at a very high level, and poor market conditions are extremely likely to impact the counterparty's capacity to pay you.

MSCI ESG Rating

MSCI ESG Rating

MSCI ESG Research provides in-depth research, ratings, and analyses to support companies' and governments' efforts in terms of environmental, social, and corporate governance (ESG). The MSCI ESG Research Intangible Value Assessment (IVA) Rating (MSCI ESG Rating) provides ratings of companies' investment risks and opportunities that are not generally detected by traditional research methods. There are three steps to the method: 1) identification of key issues for each sector, 2) evaluation of risks and how they are handled within the company, 3) drawing up ratings to qualify the ESG risks not identified. The MSCI ESG Rating is expressed on a seven-point scale, with a range from CCC (worst) to AAA (best).

MSCI ESG Controversies

MSCI ESG Controversies analyses and monitors ESG controversies and breaches of ESG criteria or global rules, such as the UN Global Compact principles. MSCI uses the following indicators: environment, human rights and community, labour rights and supply chain, customers, and governance.

Flag	Flag description
🔴	A red flag indicates recent, very serious, and/or extremely widespread controversies on a particular issue that may be systemic, repetitive, or indicate wilful negligence.
🟠	An orange flag indicates ongoing, severe controversies on a particular issue that may be systemic or repetitive.
🟡	A yellow assessment indicates significant concern, where the impact on the relevant stakeholders is high.
🟢	A green flag indicates no evidence of major and/or systemic problems.