

FUND SELECTION METHODOLOGY

August 2020

This publication has been produced by Bank Julius Baer & Co. Ltd., Zurich, which is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). The methodology applies to Julius Baer Fund Offering.

FUND SELECTION

GENERAL

The Julius Baer Fund Offering team provides holistic fund services for all Julius Baer clients globally across all asset classes, investment strategies and risk profiles. The broad network in the fund industry is leveraged in order to identify best in class fund managers and innovative ideas. The selection of funds is based on a guided open architecture approach. Overall, the Fund Offering team is responsible for the relationship to external asset managers, fund analysis and monitoring as well as advisory services on recommended funds.

METHODOLOGY

The hand-picked selection of fund recommendations, broken down by asset class, region and investment style, combine the analysis of the drivers behind historical performance and risk trends with a qualitative assessment of their likelihood to persist in the future. Thus breaking down the fund's DNA also plays a key role in selecting the right product for a specific investment purpose. As such, the fund specialists do not just select the best performing funds based on historic performance figures, but recommend funds which fit different client needs and, as such, advise front units as well as portfolio mandates in how to best implement fund related strategies. Due to specific investment philosophies you cannot expect a fund manager to outperform every calendar year, therefore, actively managed funds are not appropriate for short-term investment.

Besides this investment due diligence, also operational due diligence and regulatory checks are part of the overall fund analysis process. The selection of funds is carried out by dedicated fund specialists. The coverage is split among the team while each specialist has global responsibility for the selection and monitoring of funds within a peer group. As such, Julius Baer ensures a global fund recommendation list based on a globally harmonized selection and monitoring process.

The responsibility for the approval of new fund recommendations is with the Global Fund Approval Board. After the selection and approval process is completed a hand-picked selection of fund recommendations is left. The fund specialists constantly monitor their respective sectors of coverage and ensure that fund recommendations continue to meet the quality standards. As such, each specialist conducts regular qualitative and quantitative reviews for the recommended funds. Funds with quantitative or qualitative issues are discussed in the Monthly Monitoring Board where action plans will be defined.

Julius Bär

RATINGS

Funds are rated as follows:

Recommended	The fund is selected on the basis of a detailed due diligence process. Every recommended fund is approved by the Global Fund Approval Board. A dedicated fund specialist team keeps monitoring the recommended funds.
Hold	A fund can be put on “hold” by the Fund Monitoring Board. Clients invested in the fund might keep the fund, however, for new subscriptions alternative solutions are preferred. After a certain period the Fund Monitoring Board will decide to either upgrade the fund or remove it from the recommendation list.
Removed	A fund can be removed from the recommendation list by the Fund Monitoring Board. Clients invested in the fund are advised to subscribe to other recommended products.

JULIUS BAER RECOMMENDATION ALLOCATION AS OF 18.08.2020

Recommended:	72.99%
Recommended hold:	2.59%
Removed:	24.43%

MEANS OF COMMUNICATION AND PUBLICATIONS

Fund Offering produces fund related documents (Fund Newsletter, Conviction Fund booklets) providing information on the overall fund range. Furthermore, fund portraits, fund updates and fund studies provide detailed insights into recommended funds.