

Investment Opportunity for Selected Partners.

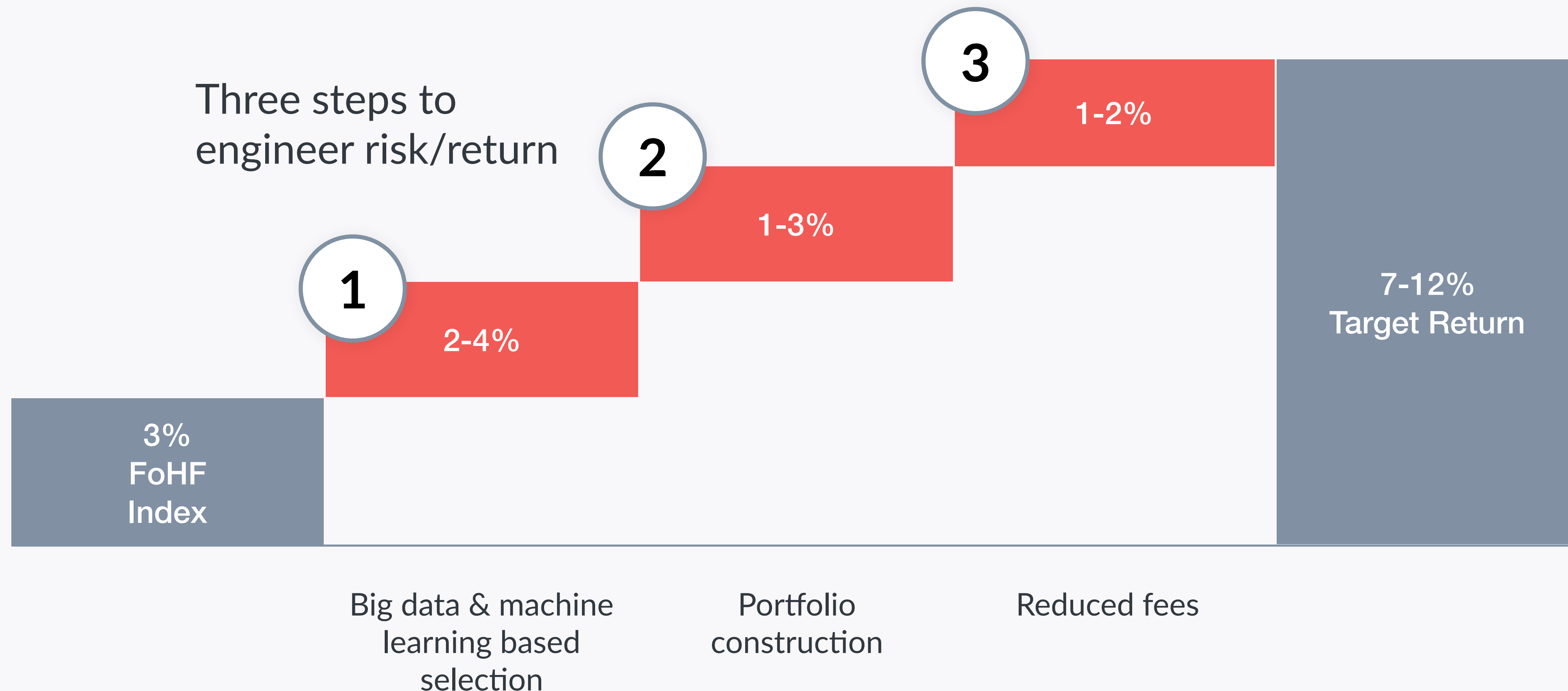
Sponsored by Nectar. Issued by Bank Julius Bär & Co Ltd.

# Nectar Smart Alternatives

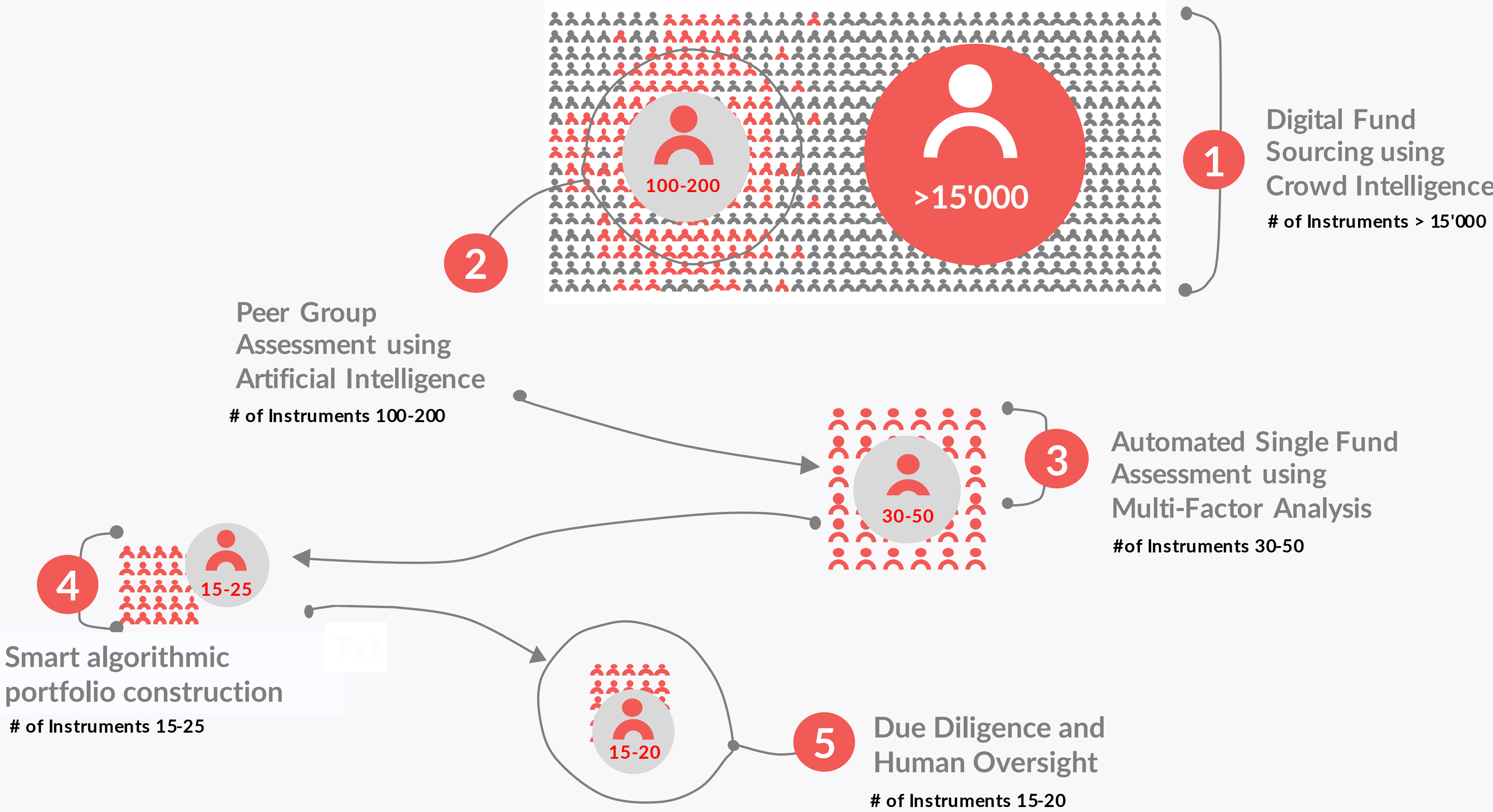
# Three steps to Optimise Risk/Return



Extensive data analysis has shown that superior risk/returns can be engineered supported by **AI based technology**



# Digital Investment Process



# The Smart Alternatives Portfolio

Optimal portfolio construction and broad diversification without any bias

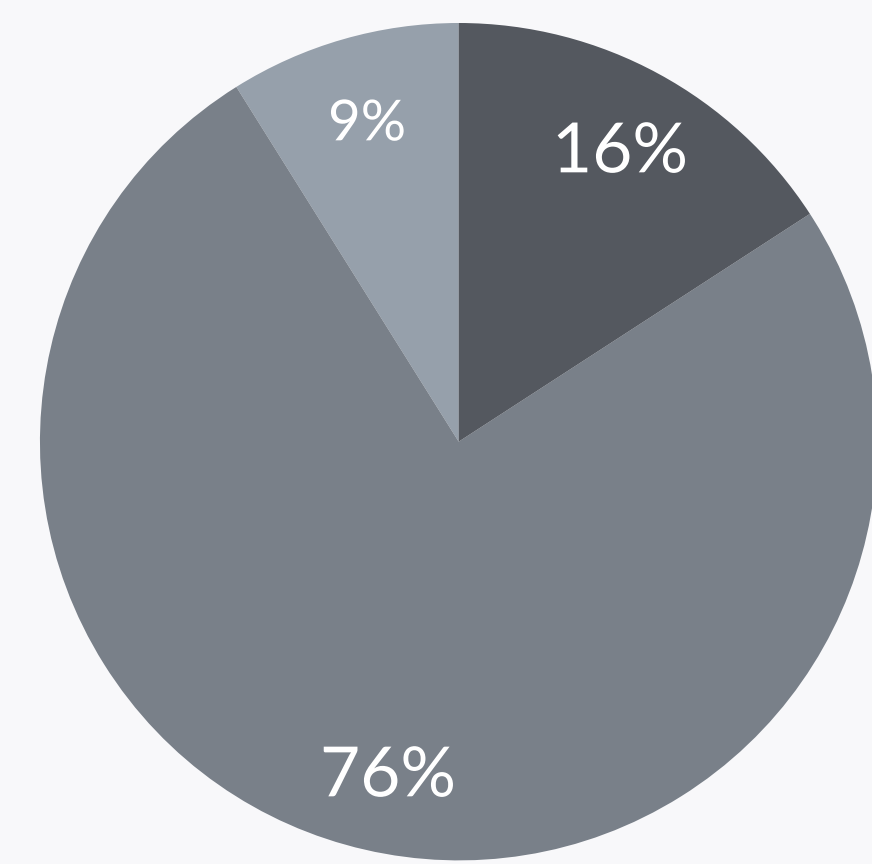
## Portfolio Holdings

UK Real Estate Lending	10%
USA LS EQ / Multi-Strategy / First Loss	10%
Asia Equity / Multi Strategy	9%
Global Asset Backed Lending	10%
Asia Credit / Multi Strategy	8%
Asia Multi Credit	8%
Global Corporate Credit	7%
US LS EQ / Trading	7%
US LS EQ / Short Seller	7%
EUR LS EQ / Systematic	5%
US Volatility Arbitrage	4%
US LS EQ / Trading	4%
Europe Credit / Low Duration	3%

## Portfolio Highlights

- 1
 A data-driven array of return drivers and alpha free of hidden biases.
  
- 2
 Optimally diversified and liquid, consisting of 15-20 positions.
  
- 3
 Low correlation to equities, bonds and traditional hedge funds.

## Portfolio Liquidity



Daily/Weekly 17%  
 Monthly 79%  
 Quarterly 4%

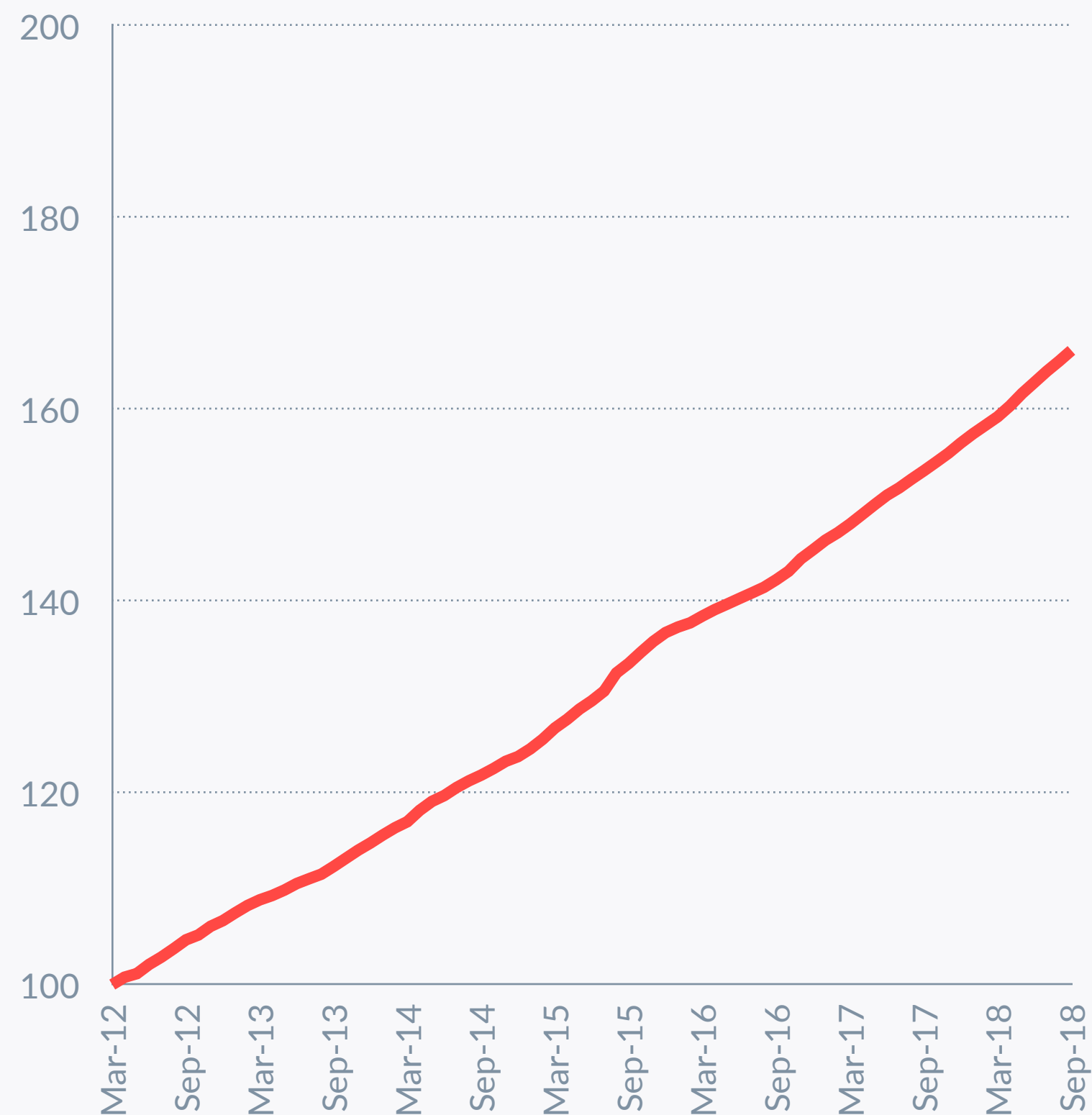
**Certificate liquidity**  
 monthly in - 10 b-day's notice  
 monthly out - 35 c-day's notice

Portfolio as of August 1, 2018

# Example US Equity Leverage



Equity Leverage Provider - US and European Equities - First Loss



## Fund Highlights

- Each sub-manager puts his own money at risk
- Fund gets paid a fee for providing leverage
- Sub-manager keeps 85% of upside but has 100% of downside
- Zero correlation to US equity market

## Risk / Return

Annual Returns	8.2%
Annual Std. Dev.	0.7%
Sharpe Ratio	12.5x

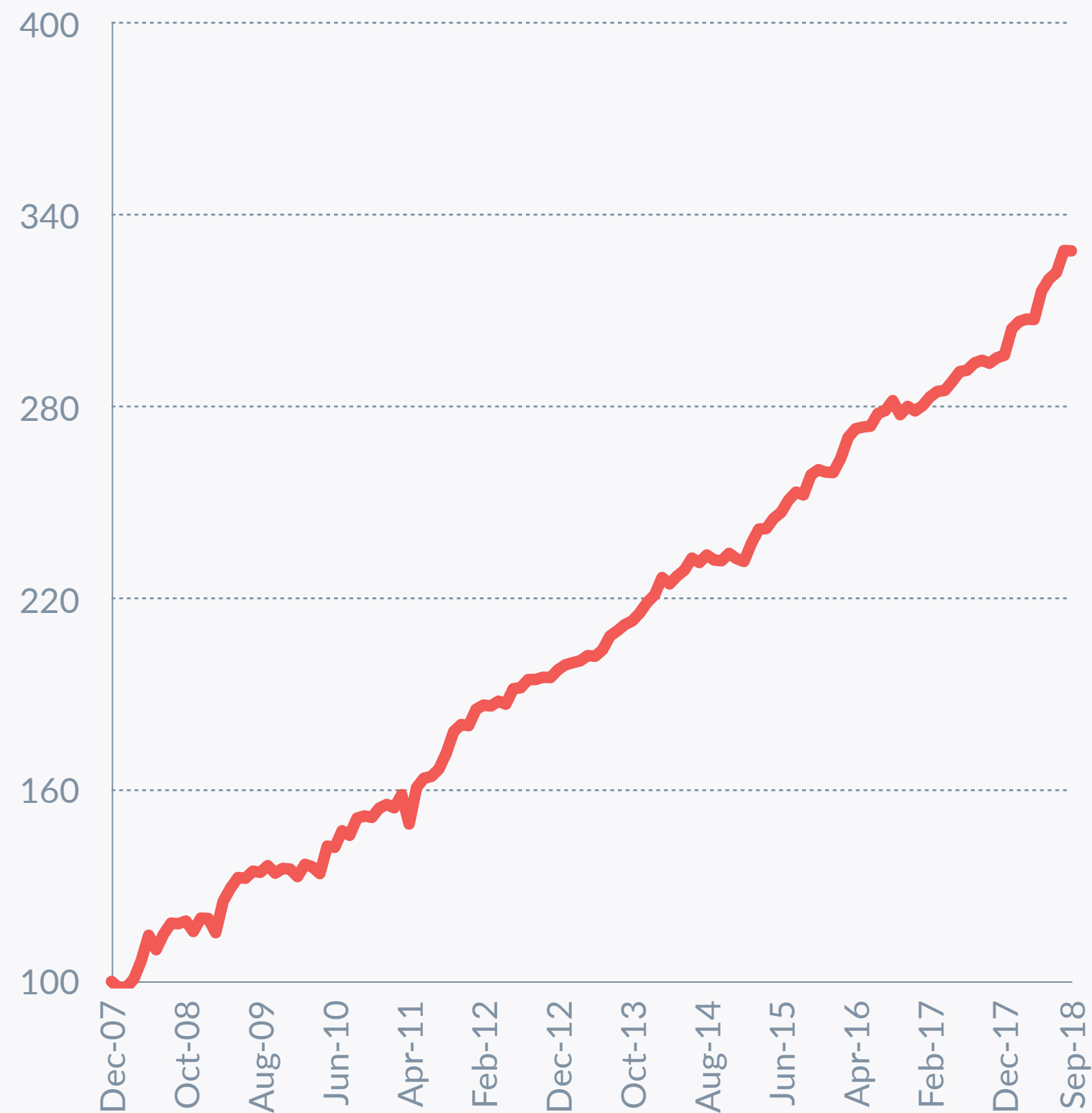
## Key Facts

Inception	Mar 2012
Fund Size	USD 202m
Liquidity	M / M-30d
Location	USA

# Example US Equity Long Short



Single Manager - US Equities - All Cap - Active Risk Trading



## Fund Highlights

- Bottom-up fundamental and technical screening with proprietary rating system
- Active trading and low net exposure
- Small downside correlation to US equity market

## Risk / Return

Annual Returns	11.4%
Annual Std. Dev.	6.9%
Sharpe Ratio	1.6x

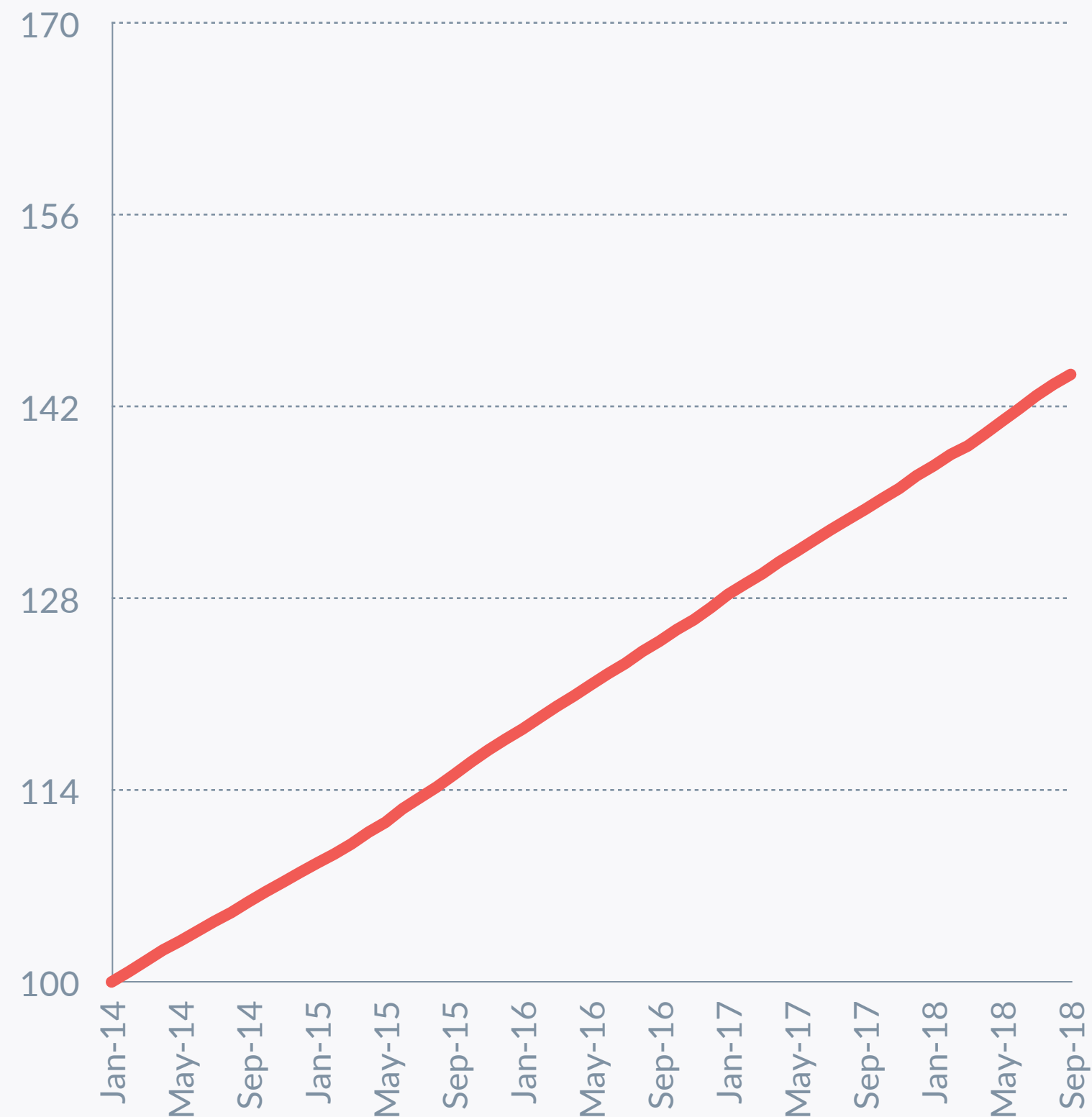
## Key Facts

Inception	Jan 2008
Fund Size	USD 289m
Liquidity	M / M-45d
Location	USA

# Example UK Real Estate Lending



Real Estate Lending - Short term bridge financing - Asset Secured



## Fund Highlights

- UK-based real estate lending in greater London
- Loans secured by first and second legal charge over property
- FinTech approach on loan sourcing and management
- Zero correlation to equity markets

## Risk / Return

Annual Returns	8.2%
Annual Std. Dev.	0.3%
Sharpe Ratio	29x

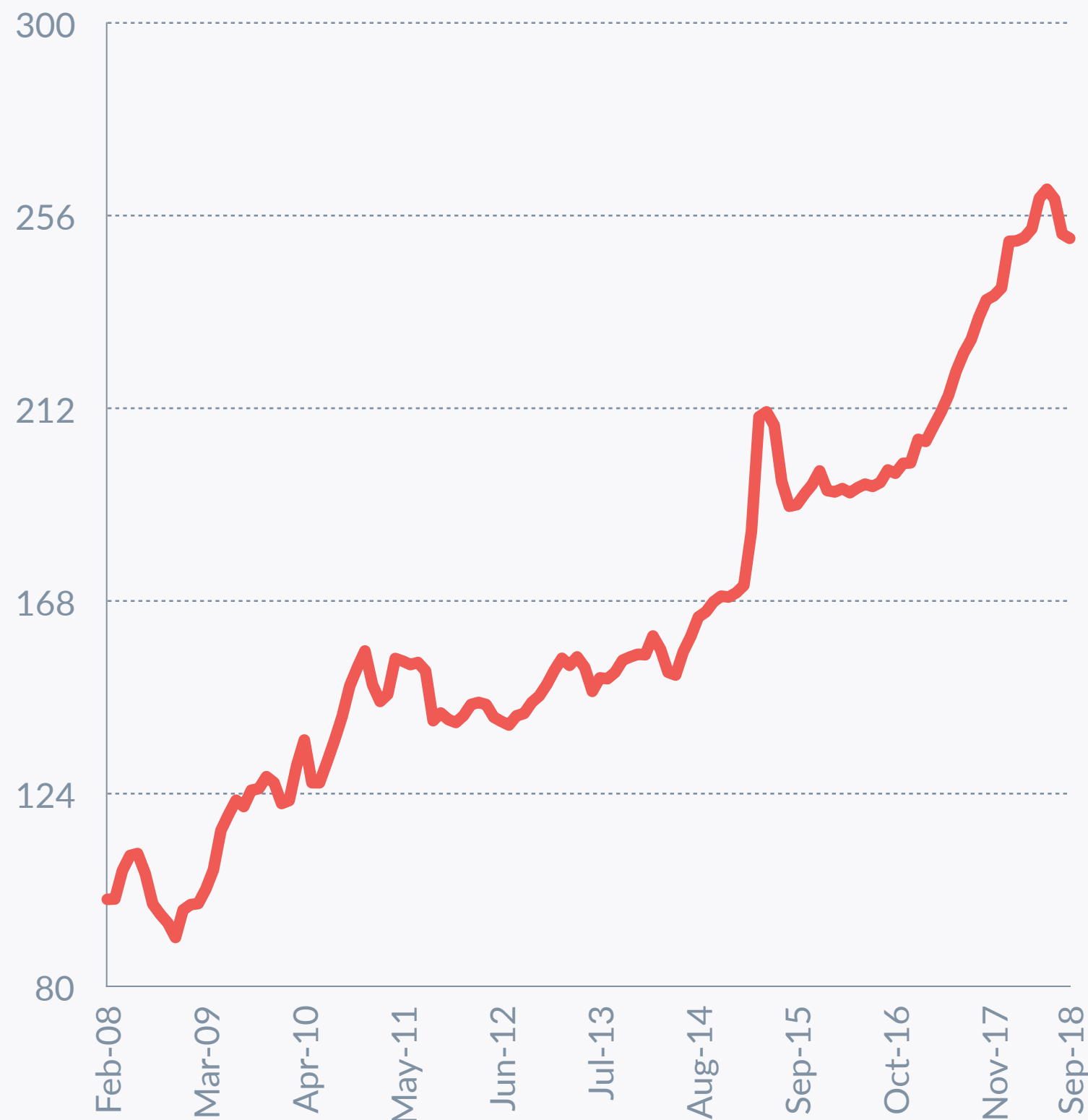
## Key Facts

Inception	Feb 2014
Fund Size	GBP 155m
Liquidity	M / M-90d
Location	UK

# Example Asia Equity Multi Strategy



Asia Multi Manager - Multi Strategy- Equity / Sector Focused



## Fund Highlights

- Growing team of equity long short managers
- Individual P&L but company wide risk management
- Low market exposure but levered on strategy level

## Risk / Return

Annual Returns	9.3%
Annual Std. Dev.	10.1%
Sharpe Ratio	0.9x

## Key Facts

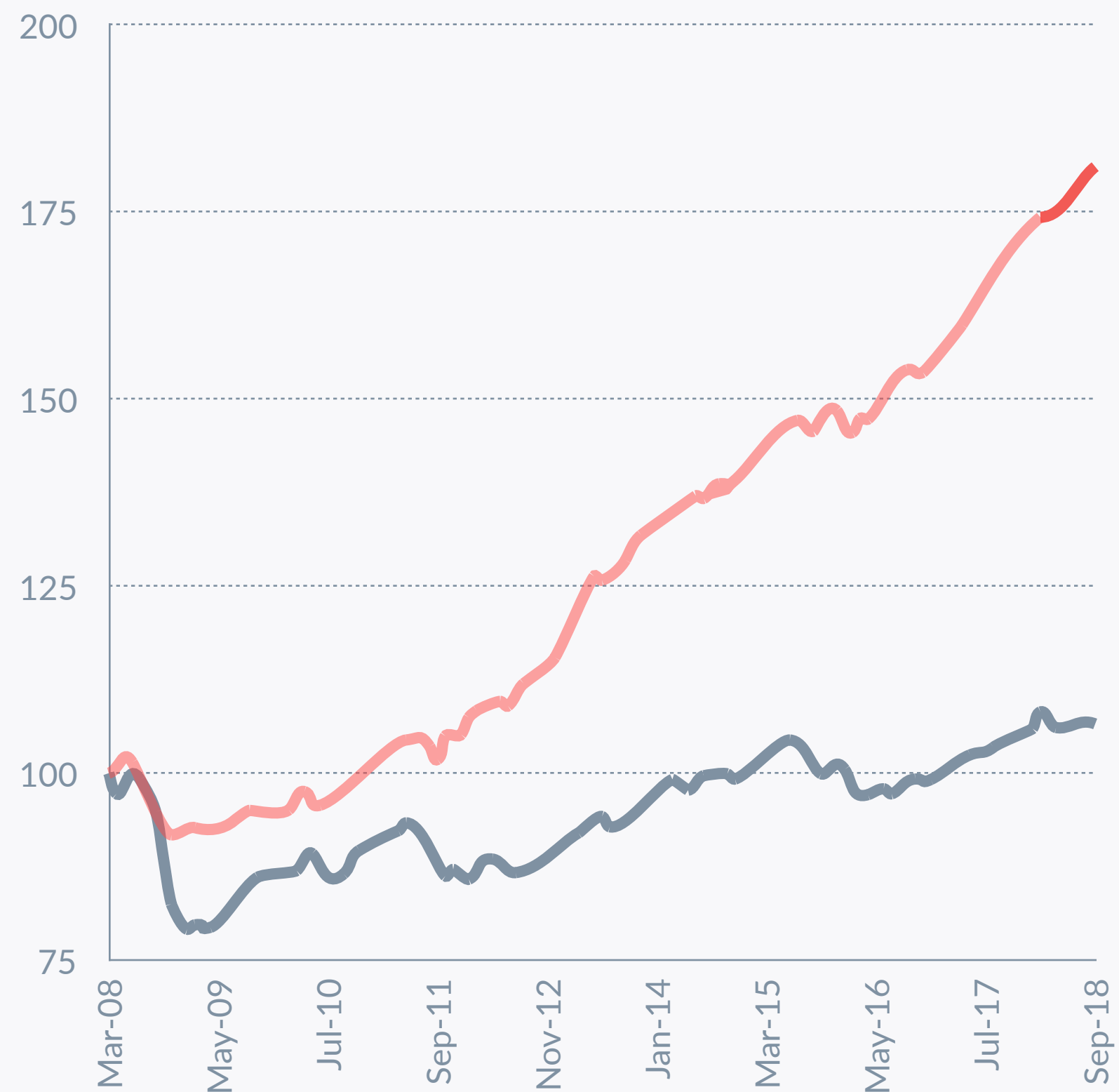
Inception	Mar 2008
Fund Size	USD 615m
Liquidity	M / M-30d
Location	Hong Kong



# Result of the Implementation



Uncorrelated return sources, digital selection, human proof



## Walk-Forward Performance

- Out of sample walk forward test using digital investment process
- Systematic entry and exit signals
- Considering liquidity limitations on underlying funds

## Key Statistics

### Nectar Smart Alternatives

Annual Returns	5.8%
Annual Std. Dev.	3.4%
Sharpe Ratio	1.7

### Barclay Fund of Fund Index

Annual Returns	0.6%
Annual Std. Dev.	4.9%
Sharpe Ratio	0.1

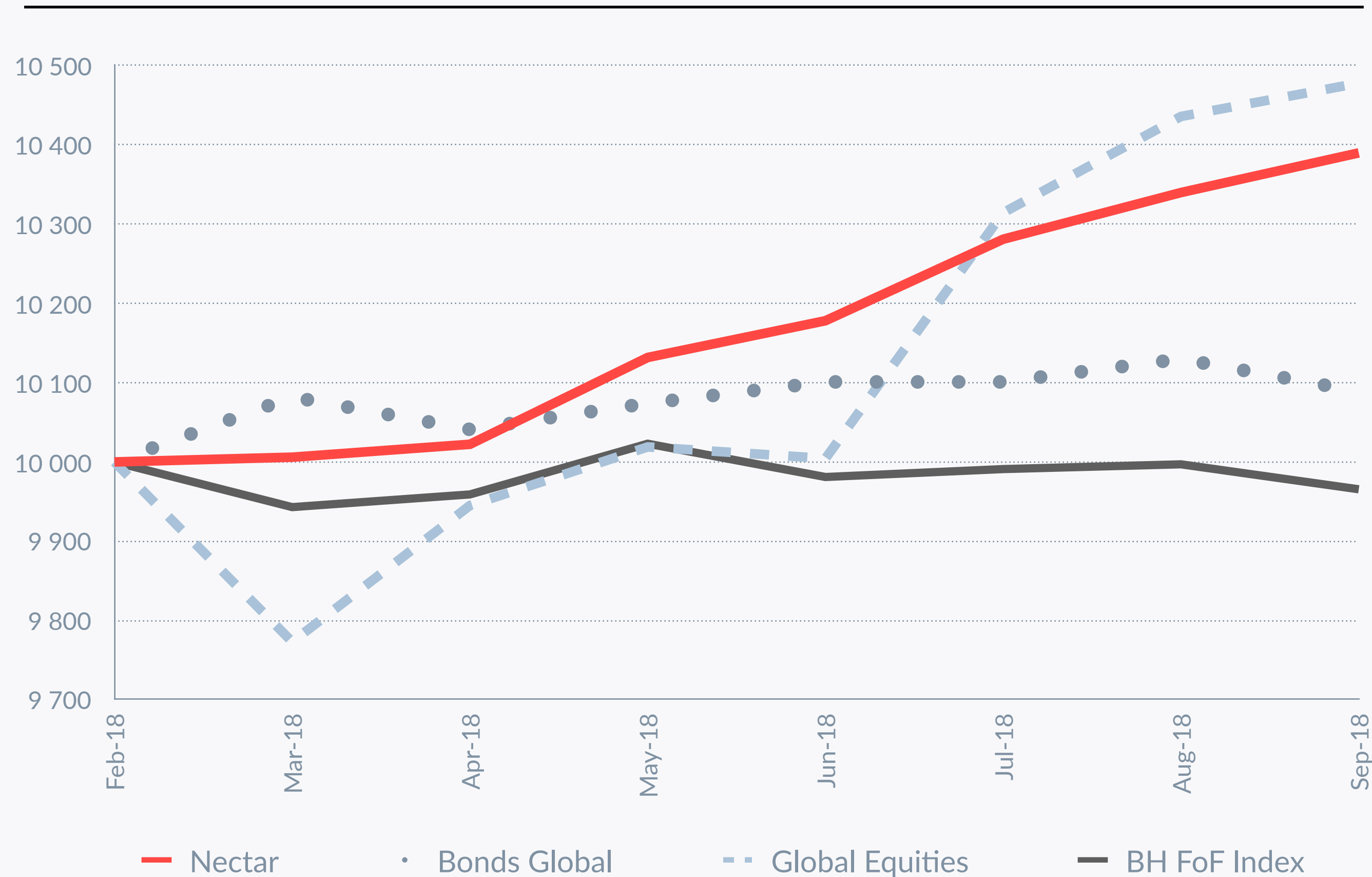
The Nectar Smart Alternatives Strategy is a digitally built portfolio. Returns shown are NET of fees (see terms and conditions). The walk-forward performance shown is not indicative for future results.

# Live Performance vs. Peers

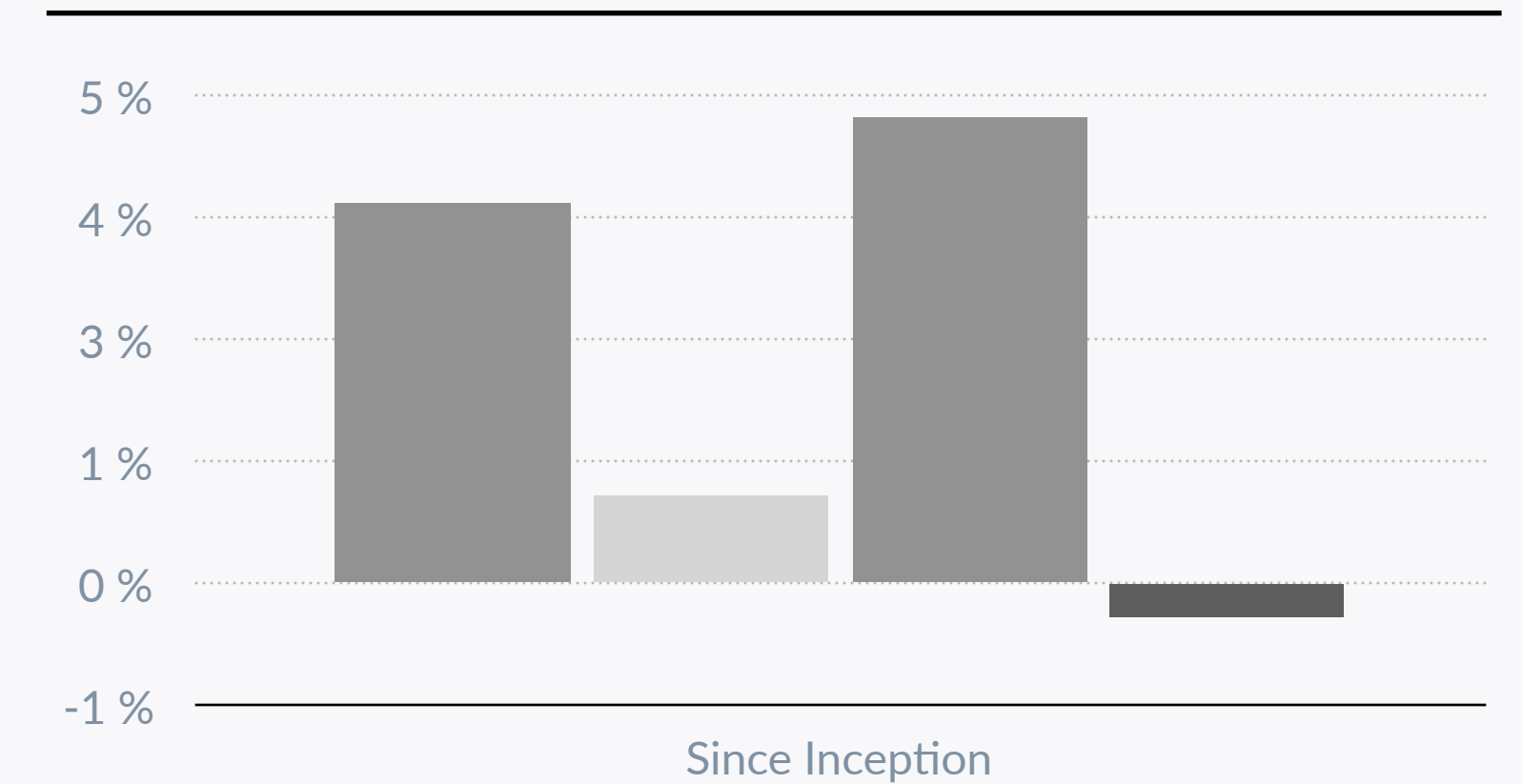


Attractive returns combined with low volatility

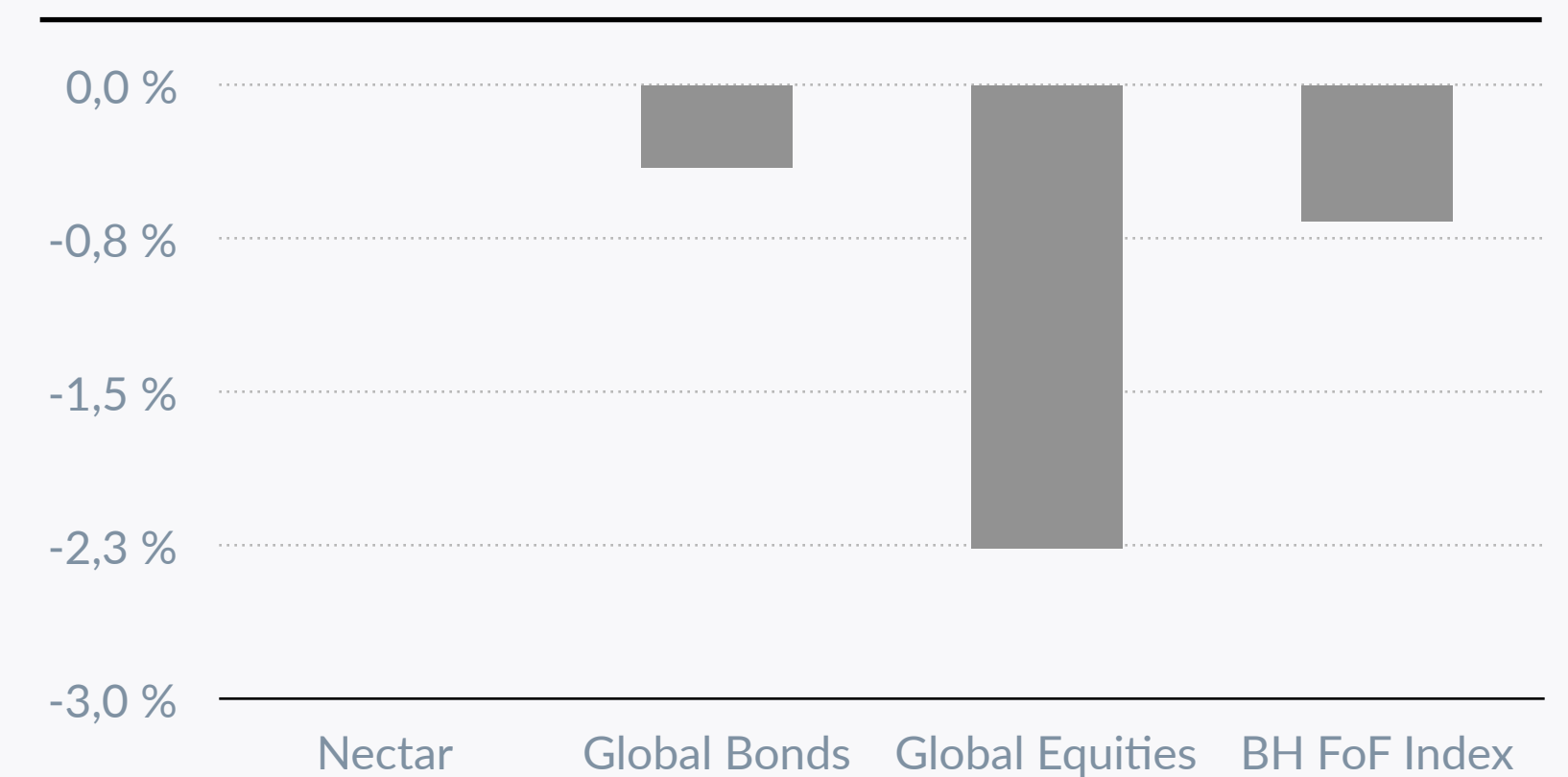
## Performance Since Inception, Rebased to USD 10'000



## Returns Since Inception



## Maximum Drawdown



# Nectar Smart Alternatives – Key Terms



Actively Managed Certificate sponsored by Nectar and issued by Bank Julius Baer & Co Ltd.

Actively Managed Certificate issued by  
Bank Julius Baer & Co Ltd. (BJB)  
Rating: Moody's A2

Launch date: February 28, 2018

Minimum investment: USD 10'000<sup>1</sup>

Valor: 39403804

ISIN: CH0394038043

Administration fee (BJB): 0.50% p.a.

Advisory fee (Nectar): 0.50% p.a.

Performance fee (Nectar): 10% above 1-year USD Swap

Reporting: monthly

Certificate liquidity: monthly in, monthly out  
(35 day's notice)

<sup>1</sup> For Swiss domiciled investors only. For investors domiciled outside of Switzerland, other minimum investments may apply.

# The Digitalisation of Return Selection



Protecting and enhancing future returns with Nectar Smart Alternatives.

Advised by

Research Partner

Operations Verification



Issued by

**Julius Bär**

# Key Benefits and Risks



- ✔ Through an investment into this certificate you gain exposure to an actively managed portfolio consisting of alternatives.
- ✔ This product is aimed at investors who expect a positive performance of the underlying. The investor benefits fully from an increase in the value of the underlying less disclosed fees.
- ✔ Efficient way to invest in the underlying, since the minimum investment is one certificate with a denomination of USD 10'000.
- ❗ If the Issuer defaults or becomes insolvent, your investment may be at risk and you could lose some or all of the capital invested.
- ❗ Depending on the performance of the underlying portfolio, the repayment may be less than the invested capital. Alternative investments may employ speculative or leveraged strategies.
- ❗ Based on the underlying investments, the issuer cannot provide any assurances as to how the certificates will trade in the secondary market or whether such market will be liquid or illiquid.

The simplified prospectus can be downloaded on [www.nectarfinancial.com/smartalternatives](http://www.nectarfinancial.com/smartalternatives) or may be obtained free of charge from Nectar Digital Wealth AG, Bahnhofstrasse 1, 8852 Altendorf, Switzerland.

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