

Investment Opportunity for Selected Partners.

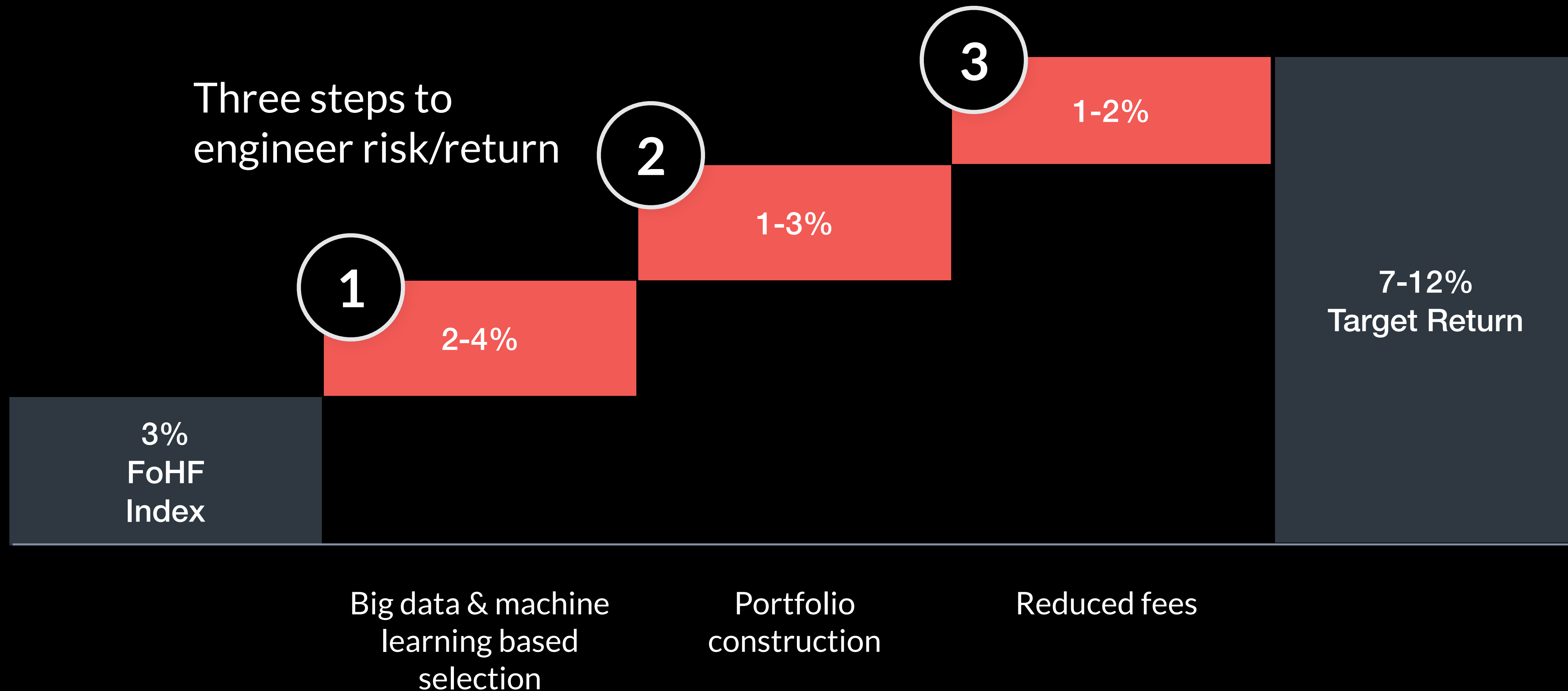
Sponsored by Nectar. Issued by Bank Julius Baer & Co Ltd.

Nectar Smart Alternatives

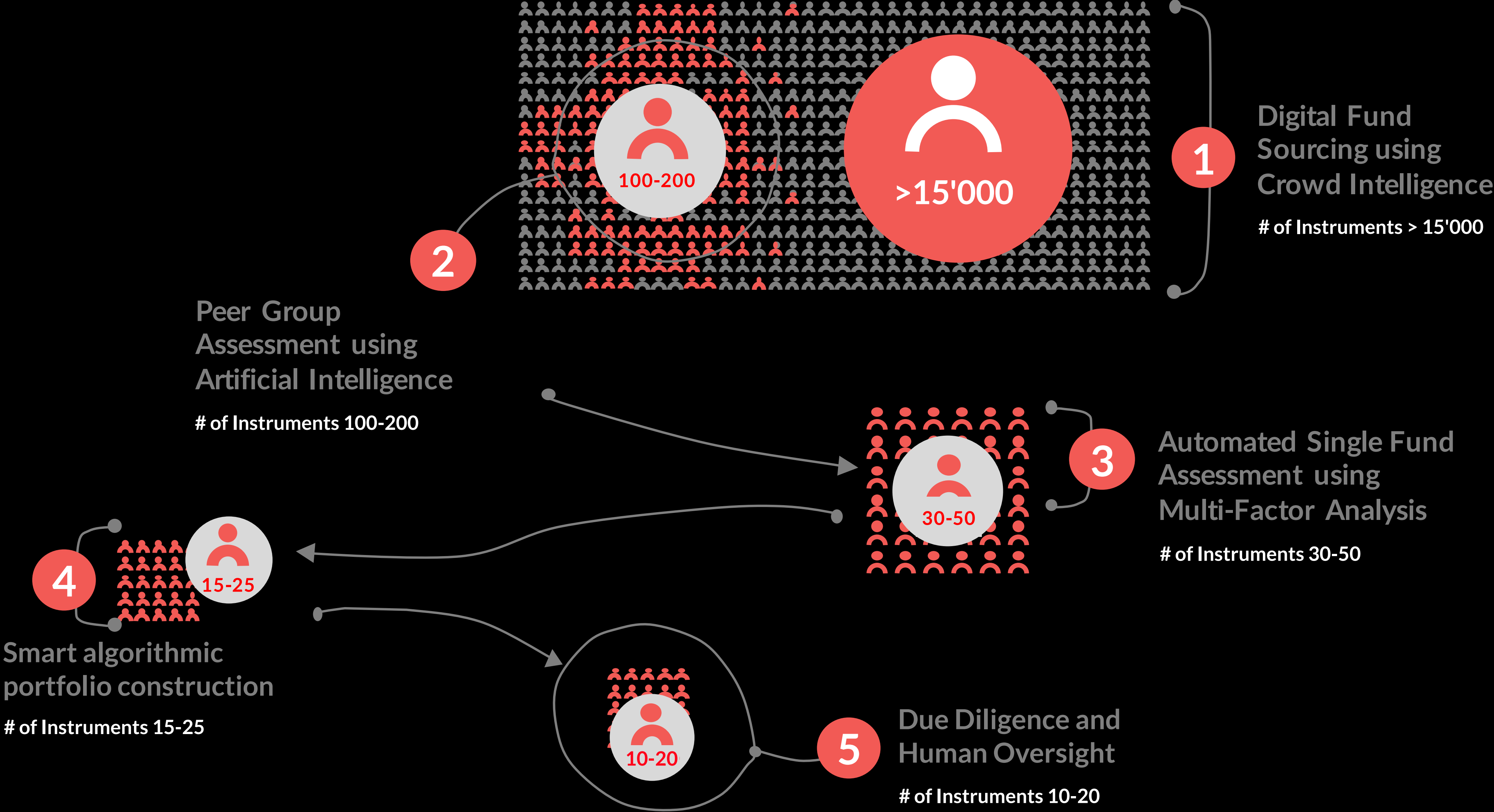
Three steps to Optimise Risk/Return



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



Digital Investment Process



The Smart Alternatives Portfolio Universe



Optimal portfolio construction and broad diversification without any bias

Indicative Portfolio

| | |
|---|------|
| US LS Eq / Multi-Strategy / First Loss | 8.0% |
| Global Asset Backed Lending | 8.0% |
| US LS Eq / Trading | 7.5% |
| UK Real Estate Lending | 7.5% |
| ASIA Equity / Multi Strategy | 7.5% |
| US Structured Private Debt | 7.5% |
| JAP LS Eq / Small Mid Cap / Fundamental | 6.0% |
| US LS Eq / Small Mid Cap / Fundamental | 6.0% |
| US Event Driven / Small Mid Cap | 6.0% |
| ASIA Multi Credit | 6.0% |
| Global Macro | 5.0% |
| Global Corporate Credit | 5.0% |
| ASIA Credit / Multi Strategy | 5.0% |
| EU LS Eq / Systematic | 5.0% |
| EU Credit / Low Duration | 5.0% |
| US Volatility Arb / Managed Futures | 4.0% |

1

A data-driven array of return drivers and alpha free of hidden biases.

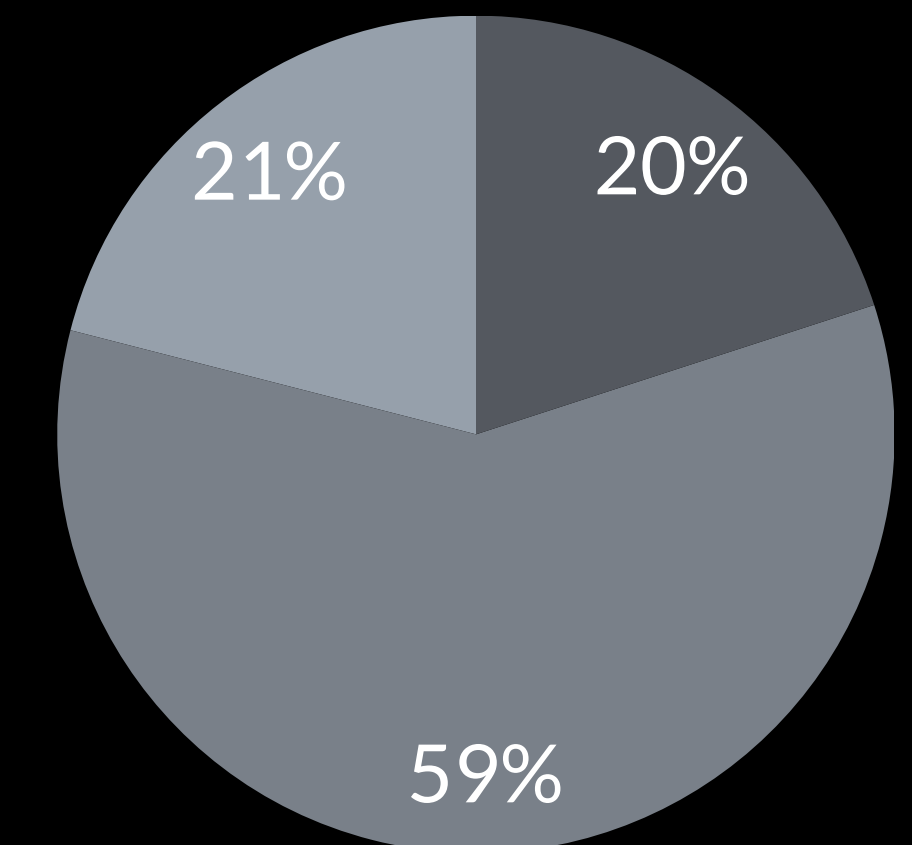
2

Optimally diversified and liquid, consisting of 10-20 positions.

3

Low correlation to equities, bonds and traditional hedge funds.

Portfolio Liquidity

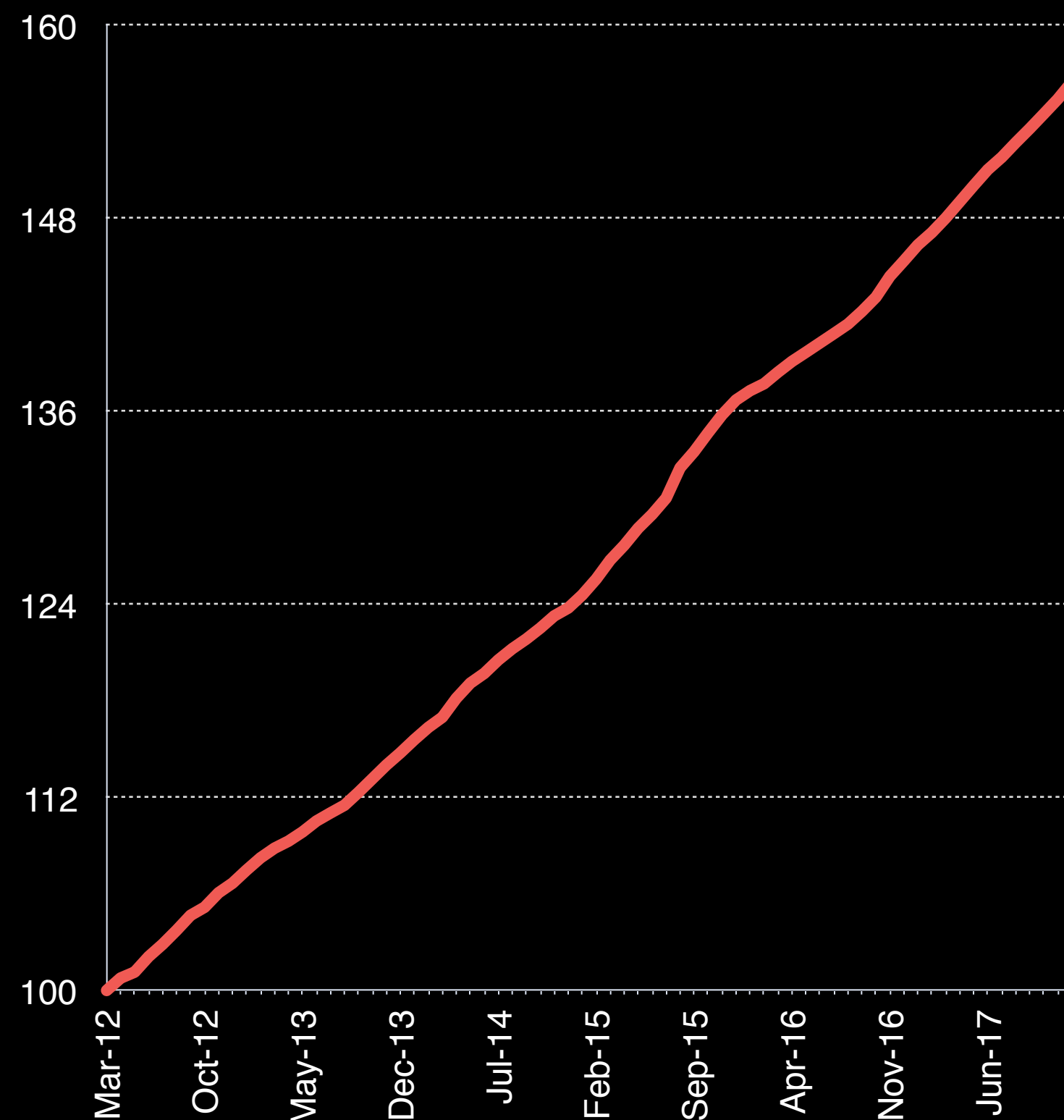


Certificate liquidity: monthly in, monthly out (see key terms)

Example US Equity Long Short



Multi Manager - Multi Strategy - US 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 | 8.0% |
| Annual Std. Dev. | 0.6% |
| Sharpe Ratio | 12x |

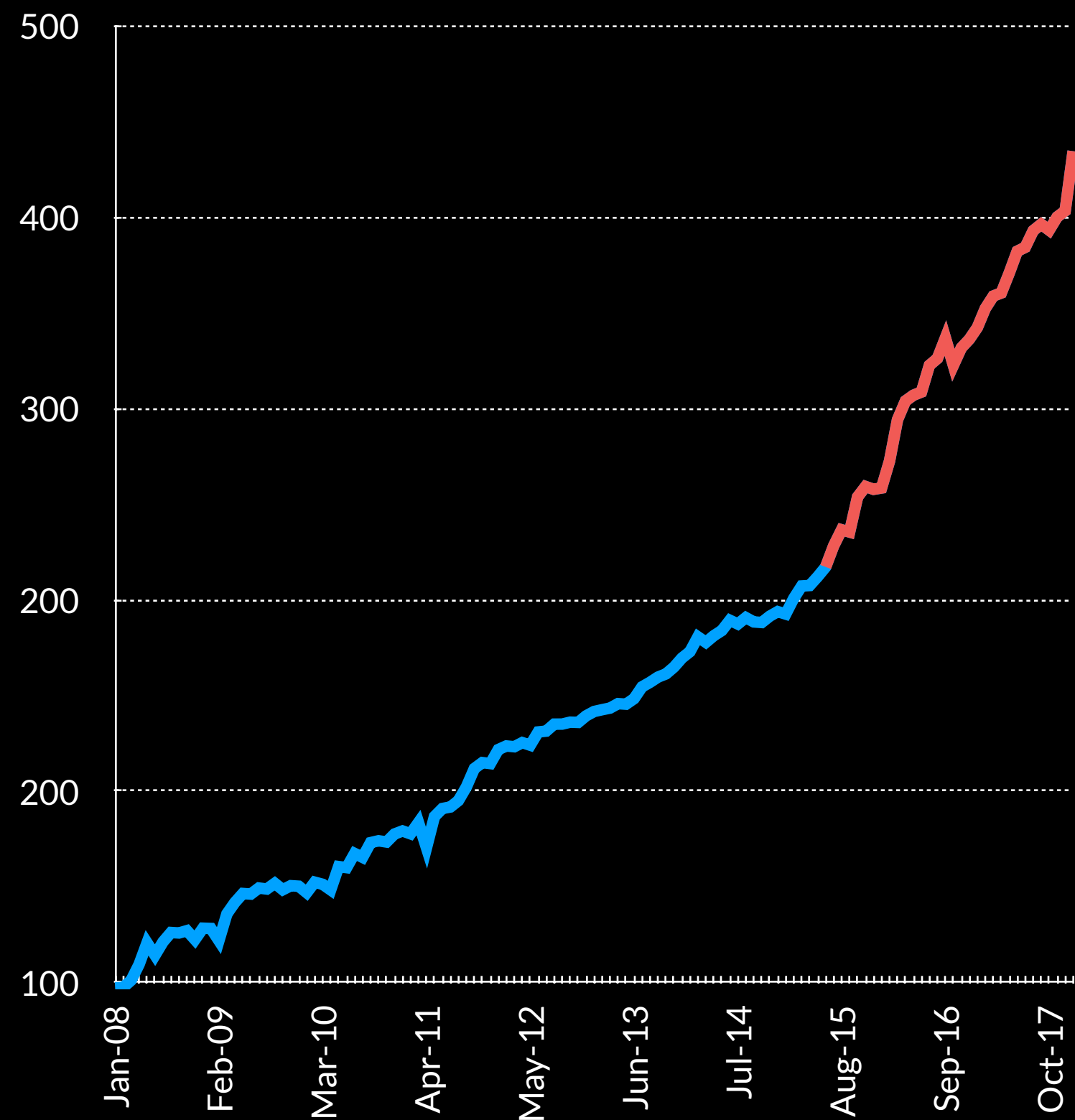
Key Facts

| | |
|-----------|-----------|
| Inception | Mar 2012 |
| Fund Size | USD 150m |
| 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
- 2x version since June 2015
- Small downside correlation to US equity market

Risk / Return

| | |
|------------------|-------|
| Annual Returns | 14.9% |
| Annual Std. Dev. | 7.5% |
| Sharpe Ratio | 2.0x |

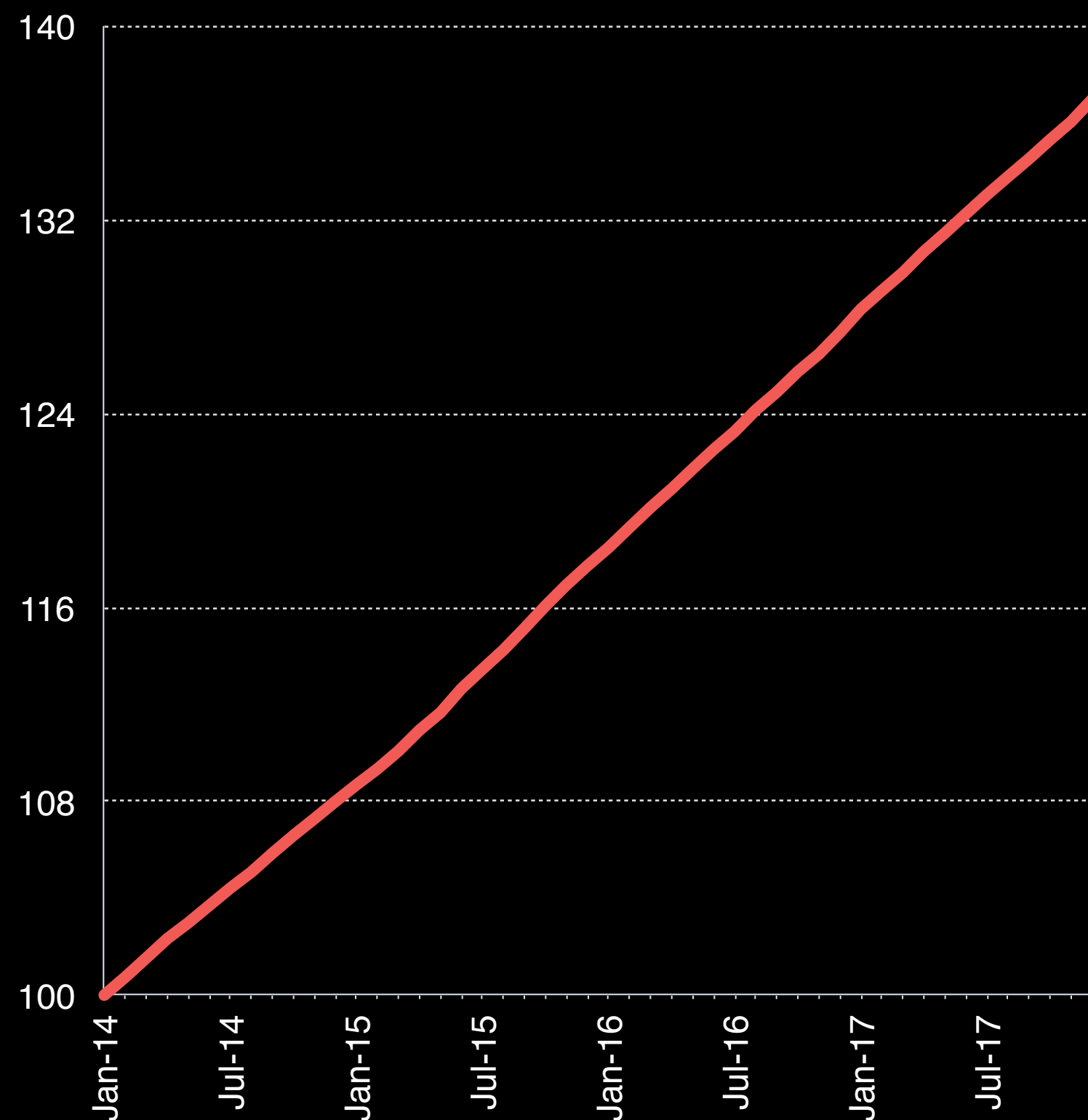
Key Facts

| | |
|---------------|-----------|
| Inception | Jan 2008 |
| Strategy Size | USD 664m |
| Liquidity | M / Q-30d |
| 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 | 8.4% |
| Annual Std. Dev. | 0.3% |
| Sharpe Ratio | 32x |

Key Facts

| | |
|-----------|-----------|
| Inception | Feb 2014 |
| Fund Size | USD 200m |
| Liquidity | M / M-30d |
| 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 | 9.8% |
| Annual Std. Dev. | 10.4% |
| Sharpe Ratio | 0.9x |

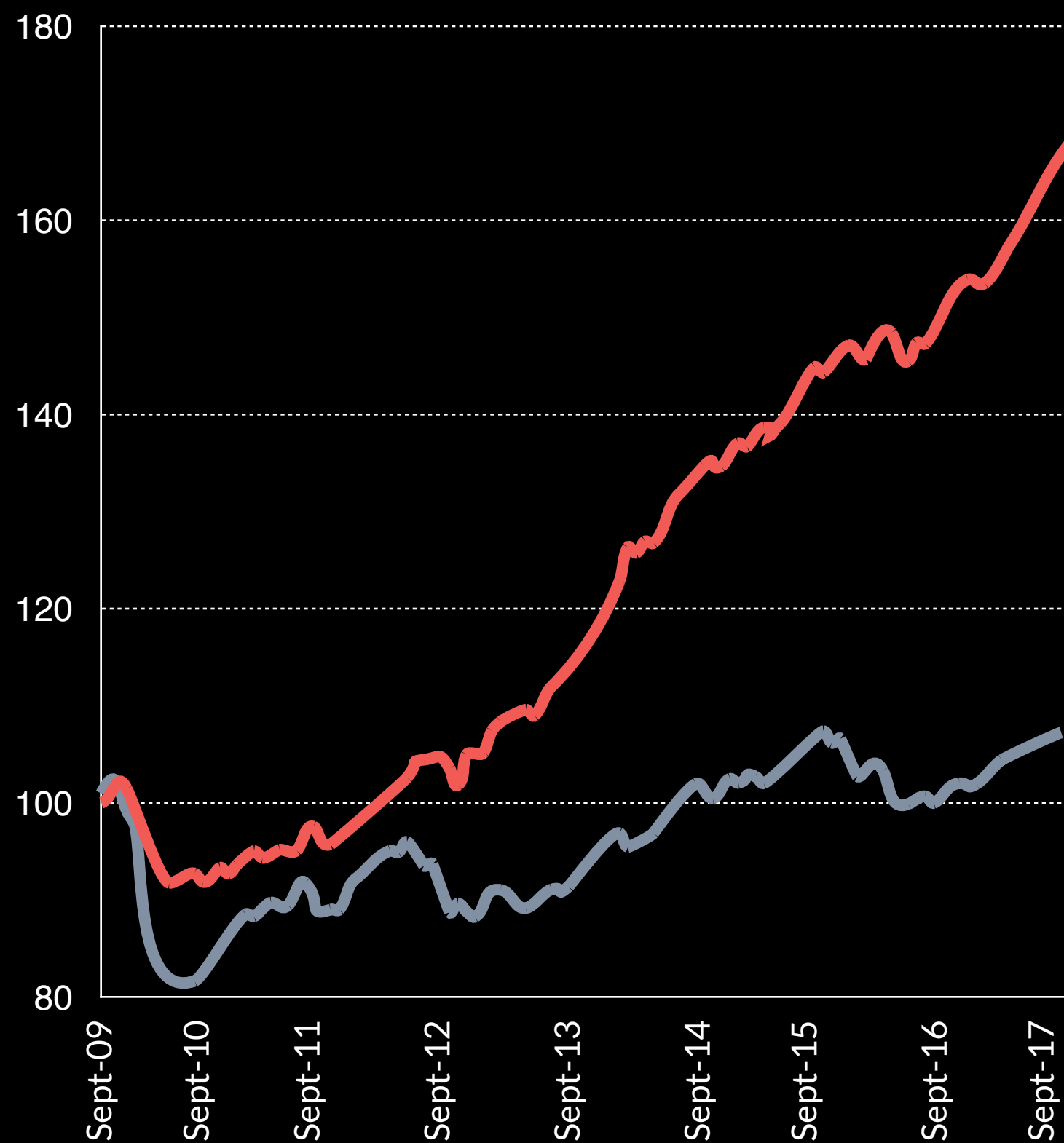
Key Facts

| | |
|-----------|-----------|
| Inception | Mar 2008 |
| Fund Size | USD 417m |
| 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
- Net of fees

Key Statistics

| | |
|--|------|
| Nectar Smart Alternatives¹ | |
| Annual Returns | 8.4% |
| Annual Std. Dev. | 3.5% |
| Sharpe Ratio | 2.1 |
| Fund of Funds Index² | |
| Annual Returns | 0.8% |
| Annual Std. Dev. | 5.1% |
| Sharpe Ratio | -0.1 |

¹ The Smart Alternatives Strategy is a digitally built portfolio. Returns shown are NET of fees (see terms and conditions). Walk-forward performance is not indicative for future results.

² Barclay Fund of Funds Index

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

Issue date: February 23, 2018

Denomination: USD 10'000

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 (10 business days
notice), monthly out (35 calendar days notice)

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 or may be obtained free of charge from Nectar Financial AG, Bahnhofstrasse 1, 8852 Altendorf, Switzerland.

Bringing Together all Perspectives



Finance



multi-billion FoHF portfolio manager, CIO and head of research



co-founder and CEO of Nectar, visionary mind behind alternatives database and this product



equity arbitrage and options volatility trader who managed money for a multi-billion investment advisor



internationally experienced leader with a vast experience in asset management



over 15 years of product and investment experience in the institutional and UHNW space

Operations



team leader and senior fund data maintenance specialist



full stack developer, writing code for more than 8 years



senior high frequency trading and risk specialist; branch manager of one of the largest prop trading firms



hedge fund expert specialising in due diligence and robust portfolio construction



developer of proprietary tools to conduct tech analysis of single funds, peer groups and portfolios

Technology

Data / Artificial Intelligence

The Digitalisation of Return Selection



Protecting and enhancing future returns with Nectar Smart Alternatives

Advised by



Research Partner



Operations Verification



Issued by

Julius Bär

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