



SKILFULLY  
BLENDED.

**Julius Baer Certificate on the iBoxx®  
Euro Liquid Corporates Index**  
Tracker Certificate (SSPA category: 1300)

Only for distribution in Switzerland

Zurich, October 2010

# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Investment Case

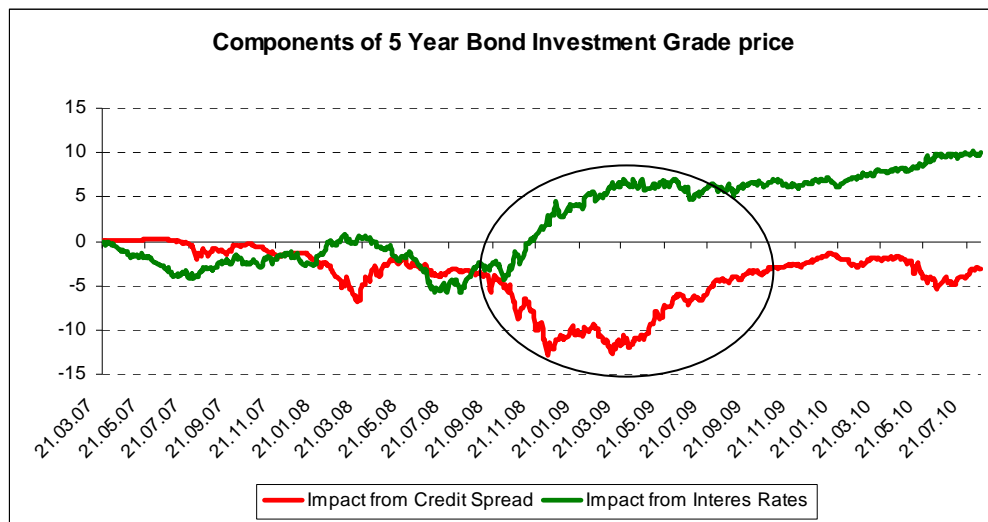
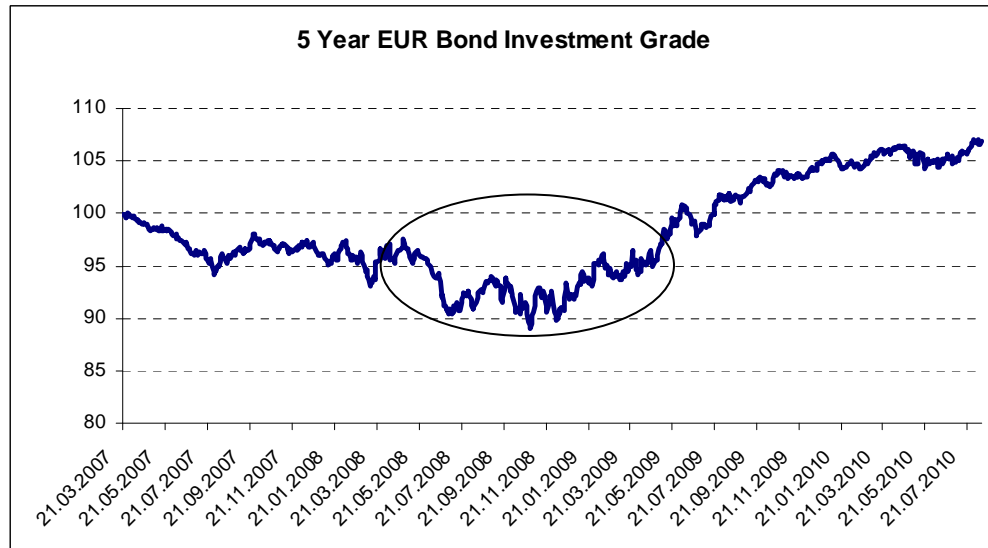
- Bond price volatility is derived from:
  - a) Interest rate changes
  - b) Credit spread changes
- Credit spreads have been very volatile in the last 3 years



\*ITRX Europe Index is composed of 125 investment grade entities. Spread in basis points p.a.

# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Investment Case

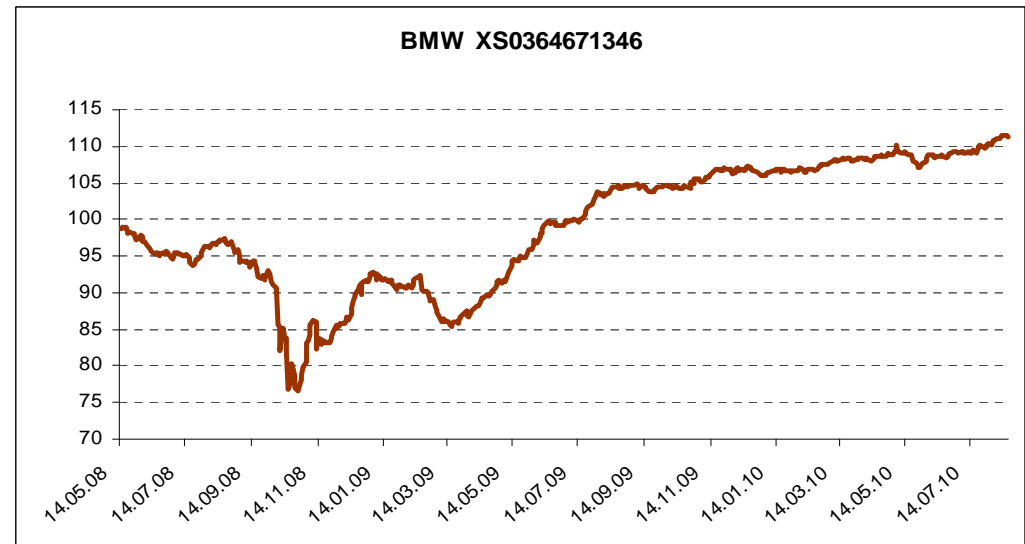
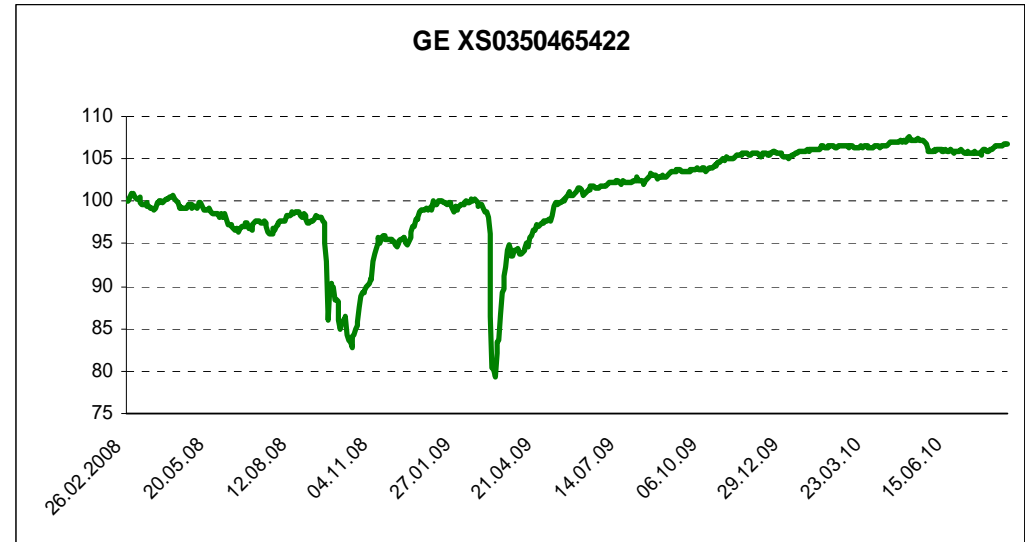


- In 2008 credit spreads of investment grade bonds widened significantly
- This widening resulted in a negative performance of in average 12% for investment grade bonds with a maturity of 5 years
- This negative performance was only partial compensated by lower interest rate levels

# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Investment Case

- In 2008 single investment grade bonds dropped even more than 20%
- Bond specific credit risks can only be eliminated by diversification
- Bond portfolios should have at least 20 bonds to eliminate bond specific risk
- Selection of bonds is crucial for risk reduction but often expensive due to transaction fees
- By investing in an index certificate the investor is holding a diversified bond portfolio with 1 transaction
- **Solution: Julius Baer Certificate on iBoxx® Euro Liquid Corporates Index**



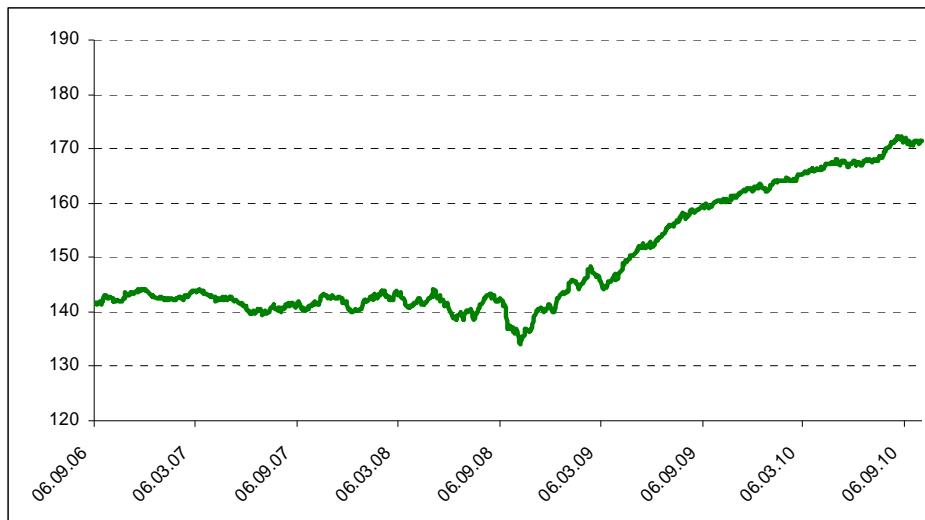
# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Index Information

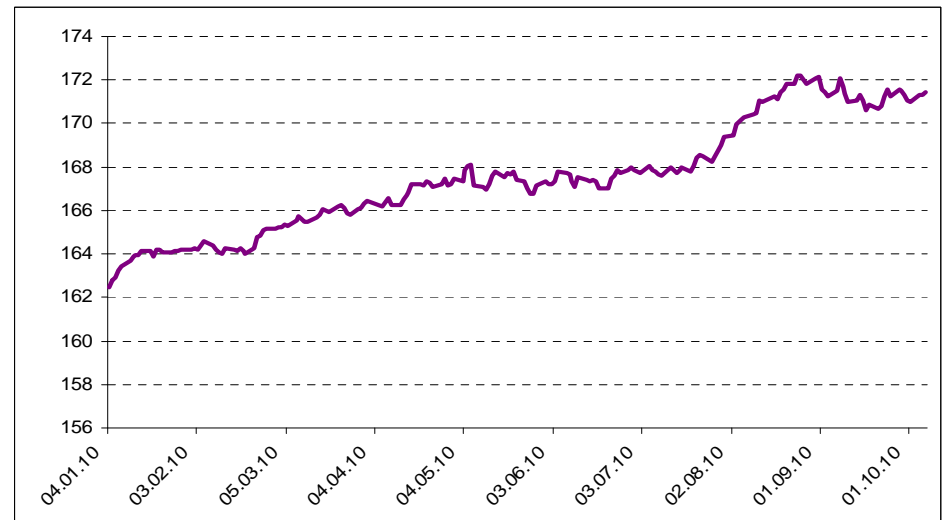
### Description of Underlying Index

- iBoxx® Euro Liquid Corporates Index (ISIN: DE0007200321)
- Universe: 40 largest and most liquid denominated investment grade corporate Euro bonds
- Minimum maturity of the bonds in index: 1.5 years, minimum outstanding: Euro 750 Mio
- Average maturity of the bonds in index: 4.25 years

### iBoxx® Euro Liquid Corporates Index (4 Years)



### iBoxx® Euro Liquid Corporates Index (year to date)



# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Members List

ISIN	Issuer	Sector	Rating*
1 XS0431928760	ArcelorMittal	Basic Resources	BBB
2 XS0452314536	Assicurazioni Generali SpA	Insurance	A
3 XS0427290357	Atlantia SpA	Industrial Goods & Services	A
4 XS0363415489	Australia and New Zealand Banking Group Ltd	Banks	AA
5 XS0342289575	Barclays Bank Plc	Banks	A
6 XS0364671346	BMW US Capital Llc	Automobiles & Parts	A
7 XS0419259659	BNP Paribas SA	Banks	AA
8 XS0354858564	Citigroup Inc	Banks	A
9 XS0408832151	Coooperative Centrale Raiffeisen-Boerenleenbank BA	Banks	AAA
10 XS0381268068	Credit Suisse [London Branch]	Banks	AA
11 DE000A0T5SE6	Daimler International Finance BV	Automobiles & Parts	BBB
12 XS0371409292	Den Norske Bank ASA	Banks	A
13 DE000A0T5X07	Deutsche Telekom International Finance BV	Telecommunications	BBB
14 XS0452187916	ENEL SpA	Utilities	A
15 XS0322977223	EON International Finance BV	Utilities	A
16 XS0483673132	Fortis Bank Nederland (Holding) NV	Banks	A
17 XS0365094811	France Telecom SA	Telecommunications	A
18 FR0010709279	Gdf Suez	Utilities	A
19 XS0350465422	GE Capital European Funding	Financial Services	AA
20 XS0335133996	Glaxosmithkline Capital Plc	Health Care	A

\* iBoxx Rating = average of ratings by Fitch, Moody's and S&P

# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Members List

ISIN	Issuer	Sector	Rating*
21 XS0344541916	Goldman Sachs Group Inc	Banks	A
22 XS0413494500	Imperial Tobacco Finance Plc	Personal & Household Goods	BBB
23 XS0353180465	Kraft Foods Inc	Food & Beverage	BBB
24 XS0435070288	Lloyds Banking Group Plc	Banks	AA
25 XS0469028582	National Australia Bank Ltd	Banks	AA
26 XS0428007081	Nordea Bank AB	Banks	AA
27 XS0432810116	Novartis Finance SA	Health Care	AA
28 XS0415624393	Roche Holdings Inc	Health Care	A
29 XS0412842428	RWE Finance BV	Utilities	A
30 XS0428037740	Sanofi-Aventis SA	Health Care	AA
31 XS0323955541	Schering-Plough Corp	Health Care	AA
32 XS0428147093	Shell International Finance BV	Oil & Gas	AA
33 XS0369461644	Siemens Financieringsmaatschappij NV	Industrial Goods & Services	A
34 XS0447005223	Svenska Handelsbanken AB	Banks	AA
35 XS0386772684	Tesco Plc	Retail	A
36 XS0363669408	The Royal Bank of Scotland Group Plc	Banks	A
37 XS0341224151	UBS AG [LondonBranch]	Banks	A
38 XS0345983638	UniCredit SpA	Banks	A
39 XS0408223138	Volkswagen Financial Services AG	Automobiles & Parts	A
40 XS0453410978	Westpac Banking Corp	Banks	AA

\* iBoxx Rating = average of ratings by Fitch, Moody's and S&P

# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Product details

- Issuer: Bank Julius Baer & Co. Ltd., Guernsey
- Rating: Moodys Aa3
  
- Currency: EUR
- Underlying: iBoxx® Euro Liquid Corporates Index
- Issue price: EUR 101.00
- Maturity: Open End
- MM Fees: 0.50% p.a.
  
- Income tax: For private investors with tax residence in Switzerland, the difference between the redemption and the purchase price is subject to income tax (“reine Differenzbesteuerung”)
- EU-savings tax: this product is not subject to EU savings tax
  
- Listing: SIX Swiss Exchange
- Valor / Symbol: 11.848.109 / JFAIE



# Julius Baer Certificate on the iBoxx® Euro Liquid Corporates Index

## Advantages & Risks

### Advantages

- Investment in a liquid bond portfolio of corporate EUR bonds with one single transaction
- No selection process of bonds required
- Alternative to bond funds, bond baskets and grandfathered bonds
- Stable maturity of bonds in the index
- Low transaction fees
- Small denomination of 100 EUR

### Risks

- A general credit spread widening or a rise in interest rates could have a negative impact on the certificate
- The investor is exposed to the issuer risk (Julius Baer)

# Legal Disclaimer

## **Only for distribution in Switzerland.**

The information in this document is marketing material and is intended for information purposes only and contains neither an offer nor an invitation to submit an offer. The information contained herein does not represent an issue prospectus according to article 652a and article 1156 of the Swiss Code of Obligations respectively nor a listing notice under the terms of the listing rules of the SIX Swiss Exchange. An offer to buy or sell can only be made with complete documentation which details in particular the risks of derivative instruments, a copy of which can be obtained from Bank Julius Baer & Co. Ltd. by calling tel. +41 (0)58 888 8181, or writing to Structured Products, Hohlstrasse 604/606, CH-8010 Zurich. Investors are advised to read this documentation carefully as it contains the conditions under which investors invest in the products. Past performance is no guarantee of future results. Investments in derivative instruments entail considerable risks, including the possibility of a total loss of the capital invested. These instruments do not represent an investment in a collective investment scheme and thus are not subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). Investors are exposed to issuer risk and - if the instrument or the underlying are denominated in other currencies than that of the country in which the investor is resident - , also to currency risk. Any prices indicated are subject to change without notice.

Bank Julius Baer & Co. Ltd., Guernsey Branch (a branch of Bank Julius Baer & Co. Ltd., Zurich, that is incorporated in Switzerland and under the supervision of the Swiss Financial Market Supervisory Authority FINMA), is licensed in Guernsey under the Banking Supervision (Bailiwick of Guernsey) Law 1994 and The Protection of Investors (Bailiwick of Guernsey) Law 1987. Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances has been obtained for the issue. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the issue or for the correctness of any of the statements made or opinions expressed with regard to it. Bank Julius Baer is member of the Swiss Structured Products Association.

Julius Bär