

# Julius Baer **Special Funds**

## Société d'Investissement à Capital Variable

### Annual Report

as at 30 June 2014 (audited)

Subscriptions are carried out solely on the basis of the current prospectus or the key investor information, in conjunction with the latest annual report and the latest semi-annual report if published thereafter.

The articles of association, the valid prospectus and the key investor information, the annual and semi-annual reports, as well as the information based on the SFAMA guidelines on transparency with regard to management fees, may be obtained free of charge from the representative in Switzerland and/or from the respective paying agent.

In case of differences between the German version and the translation, the German version shall be the authentic text.

#### **AN INVESTMENT FUND DOMICILED IN LUXEMBOURG**

Representative in Switzerland: Swiss & Global Asset Management AG, Hardstraße 201, P.O. Box, CH - 8037 Zurich

Paying agent in Switzerland: Bank Julius Bär & Co. AG, Bahnhofstraße 36, P.O. Box, CH - 8010 Zurich

Paying agent in Germany: DekaBank Deutsche Girozentrale, Hahnstraße 55, D - 60528 Frankfurt / Main

Information agent in Germany: Swiss & Global Asset Management Kapital AG, Taunusanlage 15, D - 60325 Frankfurt / Main

Paying agent in Austria: Erste Bank der oesterreichischen Sparkassen AG, Graben 21, A - 1010 Vienna

Representative and paying agent in Liechtenstein: LGT Bank in Liechtenstein AG, Herrengasse 12, FL - 9490 Vaduz

## Contents

---

	Page
Organisation and Management	3
Information on risk management (unaudited)	5
Audit Report	6
Report of the Board of Directors	8
Notes to the Annual Report	9
Additional Information for shareholders in Switzerland (unaudited)	12
Julius Baer Special Funds (Umbrella fund)	SPF
Julius Baer Special Funds - DEFENDER ASSET ALLOCATION FUND (merged into Julius Baer Multicooperation - ASSET ALLOCATION FUND DEFENDER as of 10 April 2014)	DAAF
Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA)	SEEA
Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)	SEEEM
Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE)	SEEE
Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)	SEEW
Addresses	

## Organisation and Management

---

The Company has its registered office at  
25, Grand-Rue  
L - 1661 Luxembourg

### Board of Directors of the Company

#### *Chairman:*

Martin Jufer  
Member of the Group Management Board, GAM Group  
Head of Operations  
Swiss & Global Asset Management  
Zurich, Switzerland

#### *Members:*

Me Freddy Brausch  
Partner  
Linklaters LLP  
Luxembourg, Grand Duchy of Luxembourg

Andrew Hanges  
Member of the Group Management Board, GAM Group  
Head of Operations GAM and Region Head UK  
GAM (UK) Ltd.  
London, United Kingdom

Jean-Michel Loehr  
Independent Director  
Luxembourg, Grand Duchy of Luxembourg

Dr. Thomas von Ballmoos (until 3 December 2013)  
Managing Director  
Head of Legal & Compliance  
Swiss & Global Asset Management AG  
Zurich, Switzerland

Dirk Spiegel (*since 27 March 2014*)  
Managing Director  
Head of Legal & Compliance  
Swiss & Global Asset Management AG  
Zurich, Switzerland

### Management Company and Domiciliary Agent

Swiss & Global Asset Management (Luxembourg) S.A.  
25, Grand-Rue  
L - 1661 Luxembourg

### Board of Directors of the Management Company

#### *Chairman:*

Martin Jufer  
Member of the Group Management Board, GAM Group  
Head of Operations  
Swiss & Global Asset Management  
Zurich, Switzerland

#### *Members:*

Andrew Hanges  
Member of the Group Management Board, GAM Group  
Head of Operations GAM and Region Head UK  
GAM (UK) Ltd.  
London, United Kingdom

Yvon Lauret  
Independent Director  
Luxembourg, Grand Duchy of Luxembourg

Michel Malpas  
Independent Director  
Luxembourg, Grand Duchy of Luxembourg

Michele Porro  
Member of the Group Management Board, GAM Group  
Head of Distribution and Region Head Switzerland  
Swiss & Global Asset Management  
Zurich, Switzerland

### Managing Directors of the Management Company

Ewald Hamlescher  
Managing Director  
Swiss & Global Asset Management (Luxembourg) S.A.  
Luxembourg, Grand Duchy of Luxembourg

Steve Kieffer  
Managing Director  
Swiss & Global Asset Management (Luxembourg) S.A.  
Luxembourg, Grand Duchy of Luxembourg

### Investment Manager

Swiss & Global Asset Management AG  
Hardstraße 201  
P.O. Box  
CH - 8037 Zurich

The investment manager may enlist the support of investment advisers for the management of individual sub-funds.

### Advisory company

Swiss & Global Advisory S.A.  
25, Grand-Rue  
L - 1661 Luxembourg

### Custodian, Administrator, Principal Paying Agent, Registrar and Transfer Agent

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette

### Local Representatives

*Switzerland:*  
Swiss & Global Asset Management AG  
Hardstraße 201  
P.O. Box  
CH - 8037 Zurich

*Paying agent in Germany:*  
DekaBank Deutsche Girozentrale  
Hahnstraße 55  
D - 60528 Frankfurt / Main

## Organisation and Management

---

### *Information agent in Germany:*

Swiss & Global Asset Management Kapital AG  
Taunusanlage 15  
D - 60325 Frankfurt / Main

### *Austria:*

Erste Bank der oesterreichischen Sparkassen AG  
Graben 21  
A - 1010 Vienna

### *Liechtenstein:*

LGT Bank in Liechtenstein AG  
Herrengasse 12  
FL - 9490 Vaduz

### *United Kingdom:*

GAM Sterling Management Ltd.  
12 St. James's Place  
London, SW1A 1NX

### *Spain:*

ATL12 Capital Inversiones A.V., S.A.  
C. / Montalbán 9  
E - 28014 Madrid

### *France:*

Caceis Bank  
1-3, Place Valhubert  
F - 75013 Paris

### **Distributors**

The Company and/or the Management Company has appointed and may appoint further distributors authorised to sell the shares in one or more jurisdictions.

### **Auditor**

PricewaterhouseCoopers, Société coopérative  
400, Route d'Esch  
L - 1471 Luxembourg

### **Legal Adviser**

Linklaters LLP  
35, Avenue John F. Kennedy  
L - 1855 Luxembourg

## Information on risk management (unaudited)

### Commitment approach

On the basis of the respective investment policies and investment strategies (including the use of derivative financial instruments), the risk profile of the sub-funds stated below was determined according to the commitment approach (determining the aggregate risk through the liabilities).

This means that a sub-fund's aggregate liabilities can be doubled at most through the use of derivative financial instruments. A sub-fund's aggregate liabilities are therefore capped at 200%. To calculate the aggregate liabilities, the positions in derivative financial instruments are converted into equivalent positions on the underlying assets. The aggregate liabilities of the derivative financial instruments are limited to 100% of the portfolio and therefore equate to the sum of the individual liabilities after netting or hedging. The following sub-funds determine their risk profile in accordance with the commitment approach:

Julius Baer Special Funds -  
 SMART EQUITY UCITS ETF ASIA  
 SMART EQUITY UCITS ETF EMERGING MARKETS  
 SMART EQUITY UCITS ETF EUROPE  
 SMART EQUITY UCITS ETF WORLD

### Value-at-risk

The total risk exposure of each of the following sub-funds was determined using a model approach that takes into account all of the general and specific market risks that can lead to a significant change in the portfolio value (value-at-risk approach). The value-at-risk (VaR) is calculated on the basis of a confidence interval of 99%. The holding period for the purpose of calculating the total risk exposure is one month (20 days). The leverage was calculated using the Sum of Notionals Approach.

Julius Baer Special Funds -	Period under review	Type of VaR approach	VaR limit (in %)	Utilisation of the VaR limit			Simulation model*	Reference portfolio	Average leverage Sum of Notionals Approach
				Low	High	Average value			
DEFENDER ASSET ALLOCATION FUND (until 10 April 2014)	01.07.2013 - 10.04.2014	Absolute VaR	4.24%	0.59%	3.25%	2.37%	Monte Carlo	Not applicable	65.9%

\* Parameters of VaR simulation model:

VaR concept = RiskMetrics™, VaR methodology = Monte Carlo (5,000 simulations), covariances based on 1-day returns, simulated period = 20 days, observation period (scaled) = 1 year, decay factor = 0.97



## **Audit Report**

To the shareholders of  
**Julius Baer Special Funds**

---

Following our appointment by the Annual General Meeting of Shareholders, we have audited the accompanying financial statements of Julius Baer Special Funds and of each of its sub-funds, which comprise the statement of net assets, the statement of investments as at 30 June 2014, the profit and loss account and the statement of changes in net assets for the financial year then ended, as well as a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the SICAV for the financial statements*

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of the financial statements in accordance with the statutory provisions and regulations relating to the preparation of financial statements applicable in Luxembourg, and for the internal controls that it deems necessary to enable the preparation of financial statements which are free from material misstatement, whether due to inaccuracies or infringements.

### *Responsibility of the Réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. These standards require that we follow the professional code of ethics, and plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The choice of which procedures to perform depends on the judgment of the *Réviseur d'entreprises agréé*, as does the evaluation of the risk of material misstatement in the financial statements, whether due to inaccuracies or infringements. In making those risk assessments, the *Réviseur d'entreprises agréé* considers the internal control system set up for the purpose of the preparation and fair presentation of the financial statements in order to determine the appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system. An audit also includes an assessment of whether the accounting principles and methods used are appropriate and whether the accounting estimates made by the Board of Directors of the SICAV are reasonable, as well as an evaluation of the overall presentation of the financial statements.

---

PricewaterhouseCoopers, Société coopérative, 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F: +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)

Cabinet de révision agréé Expert comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present a true and fair view of the assets and financial position of Julius Baer Special Funds and of each of its sub-funds as at 30 June 2014, and of their profit and loss and changes in their net assets for the financial year then ended, in accordance with the statutory provisions and regulations relating to the preparation of financial statements applicable in Luxembourg.

*Other information*

We read through the additional information contained in the financial statements as part of our mandate, but no special measures were necessary in accordance with the aforementioned standards. Our opinion does not relate, therefore, to this information. We have no comments to make on this information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 10 October 2014

Roxane Haas

## Report of the Board of Directors

---

Dear investors,

We are pleased to enclose the Annual Report of the SICAV Julius Baer Special Funds. This includes the Fund Management Report produced on behalf of the Board of Directors for the active sub-funds. The Annual Report also includes the statement of net assets, the profit and loss account, the statement of changes in net assets, the comparative statement, as well as the respective portfolios of the sub-funds.

The Board of Directors confirms that the Company adhered to the rules of the ALFI Code of Conduct for Luxembourg investment funds in all significant aspects during the accounting period and at the end of the financial year (30 June 2014).

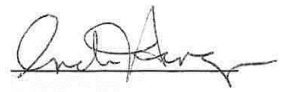
Further information on the SICAV and the sub-funds, including prospectuses and semi-annual reports, may be obtained from the Management Company of the SICAV upon request and may also be viewed online at [www.jbfundnet.com](http://www.jbfundnet.com).

Luxembourg, October 2014

On behalf of the Board of Directors of Julius Baer Special Funds



Martin Jufer  
Chairman of the Board of Directors



Andrew Hanges  
Member of the Board of Directors



## Notes to the Annual Report

### Legal information

Julius Baer Special Funds (the "Company") was incorporated on 15 March 2007 for an indefinite period. It is organised as a Société d'Investissement à Capital Variable (open-ended investment company – SICAV) under the law of 10 August 1915 of the Grand Duchy of Luxembourg, as amended. It has been registered under Part I of the amended law of 17 December 2010 as an undertaking for collective investment in transferable securities (UCITS).

The Company is registered under number B-125784 in the Luxembourg Trade and Companies Register. The Company has its registered office at 25, Grand-Rue, L - 1661 Luxembourg.

Julius Baer Special Funds - DEFENDER ASSET ALLOCATION FUND was merged into Julius Baer Multicooperation - ASSET ALLOCATION FUND DEFENDER as of 10 April 2014.

Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA was renamed Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA as of 14 March 2014.

Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS was renamed Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS as of 14 March 2014.

Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE was renamed Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE as of 14 March 2014.

Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD was renamed Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD as of 14 March 2014.

### Share categories

The following share classes are issued at present:

- S shares (Exchange-traded funds, primarily bought and sold via stock exchanges):  
Shares without distribution of income and/or capital gains

### Accounting principles

#### *Presentation of the financial statements*

The financial statements of the Company have been prepared in compliance with the legal requirements for investment funds in Luxembourg. The present report has been prepared on the basis of the last net asset value ("NAV") calculation at the end of the accounting period (in the following: NAV = Net Asset Value).

#### *Aggregation*

Each sub-fund of the Company prepares accounts relating to its operating result in its denominated currency. The accounts of the Company (umbrella fund) are prepared in CHF by aggregating the assets and liabilities of the individual sub-funds using the exchange rates applicable on the last day of the accounting year.

### Accounting

The financial statements of the Company have been prepared in accordance with the regulations relating to undertakings for collective investment in transferable securities (UCITS) applicable in Luxembourg.

The accrual principle is applied in the preparation of the financial statements. The accounting principles are applied consistently.

#### *Valuation of assets and liabilities*

Assets and liabilities are valued at their nominal value, with the following exceptions.

#### *Foreign currencies*

Transactions effected in currencies other than the currency of the particular sub-fund are converted using the exchange rate on the date of the transaction. Assets and liabilities denominated in currencies other than the currency of the particular sub-fund are converted using the exchange rate on the balance sheet date.

Foreign exchange gains and losses are included in the profit and loss account for the current accounting period.

#### *Foreign exchange differences*

Foreign exchange differences are attributable to the fluctuation in exchange rates over the course of the financial year.

The "foreign exchange difference" is as a result of consolidating the sub-fund currencies into the Fund currency.

On the other hand, the "sub-fund foreign exchange differences" refers to the conversion of the individual share classes into the sub-fund currency.

#### *Securities portfolio*

Securities listed on a stock exchange or any other public regulated market are valued at the last available price of the reporting year.

Non-listed securities are identified as such. Their value shall be based on a foreseeable sale price, estimated with care and in good faith.

Unrealised profits/losses on securities are reported as the difference between market value and average acquisition cost. Securities denominated in currencies other than the currency of the respective sub-fund are converted using the exchange rate on the balance sheet date or the date of sale, whichever is applicable. All foreign exchange profits and losses are shown in the profit and loss account, together with the price profits/losses from securities.

The realised net profit/loss from the sale of securities is determined using the average historical costs.

Dividends are recorded on the ex-dividend date. Income from securities is shown exclusive of withholding taxes.

The number of options, warrants and rights are recorded in the statement of net assets.

## Notes to the Annual Report

### Options

Purchase of options: If an option is purchased, the premium paid is recorded as an investment and the option is subsequently valued at the market price. If a purchased put option is exercised, the premium is subtracted from the sale price of the underlying asset to determine the profit/loss. If a purchased call option is exercised, the premium is added to the cost price of the underlying asset.

Sale of options: If an option is written (sold), the premium received is recorded as a liability and the option is subsequently valued at the market price. If a written call option is exercised, the premium received is added to the sale price of the underlying asset to determine the profit/loss. If a written put option is exercised, the cost price of the underlying asset is reduced.

### Forward contracts

(Forward foreign exchange contracts and futures)

Forward contracts are shown using the market price on the balance sheet date, depending on the remaining term of the contract. The unrealised profit/loss is defined as the difference between the agreed trading price and the market price on the balance sheet date. The unrealised profit/loss is shown in the profit and loss account.

### Pooling and co-management

For the purpose of efficient management and to reduce administrative costs and if allowed by the investment policies of the sub-funds, the Board of Directors may decide to co-manage some or all of the assets of certain sub-funds and other Luxembourg UCITS of the Julius Baer Group. The assets of such sub-funds are referred to in the following as "co-managed assets". In this case, the pooling technique will be applied to the co-managed assets of the various sub-funds. Assets that are co-managed will be referred to using the term "pool". Such pools will only be used for the purpose of internal management. They will not constitute distinct legal entities and will not be directly accessible to investors.

The unrealised profit/loss of the pool is allocated to the sub-funds at each NAV calculation on the basis of pool allocation factors which are updated daily. There is no guarantee that the sum of this unrealised profit/loss corresponds to the reported net change in unrealised appreciation/depreciation on securities at sub-fund level.

### Taxes

In accordance with Luxembourg law, the Company is not subject to any Luxembourg income tax. Dividends paid by the Company are currently not subject to withholding tax in Luxembourg. The Company is, however, subject to an annual tax of 0.05% of the net assets ("taxe d'abonnement"). A reduced taxe d'abonnement of 0.01% will be applied on the net assets applicable to C and Ca shares (for institutional investors).

This classification is based on the Company's understanding of the current legal situation. This legal situation is liable to be changed with retroactive effect, which may result in the tax rate of 0.05% being applied retroactively. The tax is payable quarterly in arrears on the basis of the respective net assets at the end of each quarter.

To the extent that certain countries levy a tax on realised capital gains, the sub-funds make respective provisions on the unrealised capital gains.

### Service Load

Service Load means the costs incurred in connection with the operation of the Company. These costs include the following – unless already otherwise separately stated or included:

Costs of day-to-day management and oversight of the Company's business; tax advisory, legal and auditing services; purchase and sale of securities; taxes and duties; convening the Annual General Meeting; issue of share confirmations; preparation of financial statements and prospectuses; promotional and marketing measures and other sales support; issue and redemption of shares; the payment of dividends, paying agents and representatives, the payment of RBC Investor Services Bank S.A. as administrator, principal paying agent, registrar and transfer agent; registration for sale; reporting to supervisory authorities in the various countries of distribution; fees and expenses of the Board of Directors of the Company; insurance premiums; interest; stock exchange admission fees and broker fees; fees for market makers (if a market maker has been appointed for a listed sub-fund); reimbursement of expenses to the custodian and all other contractual partners of the Company; costs for the calculation and publication of the net asset value per share and the share prices, costs for the calculation and publication of any indicative net asset value, as well as licence fees, in particular for the use of the "Julius Baer" brand.

### Transaction costs

Transaction costs mainly include brokers' fees. Transaction costs also comprise stamp duty, trading levies and other foreign fees. Transaction costs incurred during the financial year are included in the costs of securities bought and sold.

During the period from 1 July 2013 until 30 June 2014, the company incurred transaction costs in the amount set out below in connection with the purchase and sale of securities:

#### Julius Baer Special Funds -

DEFENDER ASSET ALLOCATION FUND	EUR	1 947
SMART EQUITY UCITS ETF ASIA	USD	113 958
SMART EQUITY UCITS ETF EMERGING MARKETS	USD	67 379
SMART EQUITY UCITS ETF EUROPE	EUR	45 300
SMART EQUITY UCITS ETF WORLD	USD	35 662

The transaction costs reported above may be misleading given that the various costs incurred in transactions are not always reported separately and in some instances are included directly in the purchase and sale costs. In the case of the above sub-funds, this may therefore result in differing transaction costs for comparable investments and transaction volumes.

### Events after the reporting period

Prospectively effective 2 February 2015, State Street Bank Luxembourg S.A. ("SSBLux"), 49, Avenue J.F. Kennedy, L-1855 Luxembourg, will assume the role of custodian, administrator and principal paying agent, as well as registrar and transfer agent.

## Notes to the Annual Report

### Management fees

For advisory services relating to the portfolio and related administrative and distribution services, the following annual fee based on the net asset value of the respective sub-fund will be charged to the sub-fund:

Overview of fees (p.a.)	A and B shares	C and Ca shares	E shares	S shares
Julius Baer Special Funds -				
DEFENDER ASSET ALLOCATION FUND	1.20%	0.55%	1.95%	-
SMART EQUITY UCITS ETF ASIA	-	-	-	0.45%
SMART EQUITY UCITS ETF EMERGING MARKETS	-	-	-	0.45%
SMART EQUITY UCITS ETF EUROPE	-	-	-	0.45%
SMART EQUITY UCITS ETF WORLD	-	-	-	0.45%

The fees as set out above are used to remunerate distributors and asset managers for distributing shares of the sub-funds and to reimburse institutional investors.

### Other expenses include:

	Currency	Service load	Brokerage fees	Other expenses	Total
Julius Baer Special Funds -					
DEFENDER ASSET ALLOCATION FUND	EUR	23 340	2 507	8	25 855
SMART EQUITY UCITS ETF ASIA	USD	48 655	0	10 920	59 575
SMART EQUITY UCITS ETF EMERGING MARKETS	USD	27 542	0	10 961	38 503
SMART EQUITY UCITS ETF EUROPE	EUR	17 907	0	13	17 920
SMART EQUITY UCITS ETF WORLD	USD	22 791	0	11 655	34 446

## Additional Information for shareholders in Switzerland (unaudited)

### Portfolio Turnover Rate (in %)

Julius Baer Special Funds -	
DEFENDER ASSET ALLOCATION FUND	38.96%
SMART EQUITY UCITS ETF ASIA	239.45%
SMART EQUITY UCITS ETF EMERGING MARKETS	296.84%
SMART EQUITY UCITS ETF EUROPE	173.67%
SMART EQUITY UCITS ETF WORLD	244.39%

PTR is calculated in accordance with the relevant "SFAMA Guidelines on the Calculation and Disclosure of the TER and PTR".

### TER (Total Expense Ratio)

Julius Baer Special Funds -	Shares	Currency	TER without Performance Fee
DEFENDER ASSET ALLOCATION FUND	A	EUR	1.41%
DEFENDER ASSET ALLOCATION FUND	Ca	EUR	0.97%
DEFENDER ASSET ALLOCATION FUND	B	EUR	1.41%
DEFENDER ASSET ALLOCATION FUND	C	EUR	0.81%
DEFENDER ASSET ALLOCATION FUND	E	EUR	2.17%
SMART EQUITY UCITS ETF ASIA	S	CHF	0.76%
SMART EQUITY UCITS ETF ASIA	S	EUR	0.69%
SMART EQUITY UCITS ETF ASIA	S	USD	0.69%
SMART EQUITY UCITS ETF EMERGING MARKETS	S	CHF	0.88%
SMART EQUITY UCITS ETF EMERGING MARKETS	S	EUR	0.78%
SMART EQUITY UCITS ETF EMERGING MARKETS	S	USD	0.79%
SMART EQUITY UCITS ETF EUROPE	S	CHF	0.61%
SMART EQUITY UCITS ETF EUROPE	S	EUR	0.61%
SMART EQUITY UCITS ETF WORLD	S	CHF	0.73%
SMART EQUITY UCITS ETF WORLD	S	EUR	0.73%
SMART EQUITY UCITS ETF WORLD	S	USD	0.74%

The TER is calculated in accordance with the relevant "SFAMA Guidelines on the Calculation and Disclosure of the TER and PTR".

### Benchmark

DEFENDER ASSET ALLOCATION FUND (as of 10 April 2014: merger with the Julius Baer Multicooperation - ASSET ALLOCATION FUND DEFENDER)	n/a
SMART EQUITY UCITS ETF ASIA	MSCI AC Asia Pacific ex Japan ND
SMART EQUITY UCITS ETF EMERGING MARKETS	MSCI Emerging Markets ND
SMART EQUITY UCITS ETF EUROPE	MSCI Daily Net TR Europe Euro
SMART EQUITY UCITS ETF WORLD	MSCI AC World ND

## Additional Information for shareholders in Switzerland (unaudited)

### Performance \*

Julius Baer Special Funds -	Shares	Currency	1 Year		3 Years		Since Start	
			Perf.	Benchmark	Perf.	Benchmark	Perf.	Benchmark
SMART EQUITY ETF ASIA	S	CHF	-	-	-	-	4.95%	6.45%
SMART EQUITY ETF ASIA	S	EUR	8.22%	11.59%	-	-	16.58%	19.22%
SMART EQUITY ETF ASIA	S	USD	13.18%	17.55%	-	-	26.73%	28.62%
SMART EQUITY ETF EMERGING MARKETS	S	CHF	-	-	-	-	4.99%	7.01%
SMART EQUITY ETF EMERGING MARKETS	S	EUR	6.12%	8.52%	-	-	5.70%	9.00%
SMART EQUITY ETF EMERGING MARKETS	S	USD	11.82%	14.31%	-	-	14.15%	17.59%
SMART EQUITY ETF EUROPE	S	CHF	-	-	-	-	4.06%	3.70%
SMART EQUITY ETF EUROPE	S	EUR	27.34%	22.74%	-	-	51.01%	42.43%
SMART EQUITY ETF WORLD	S	CHF	-	-	-	-	5.78%	5.44%
SMART EQUITY ETF WORLD	S	EUR	16.12%	16.72%	-	-	30.90%	32.85%
SMART EQUITY ETF WORLD	S	USD	22.33%	22.95%	-	-	41.21%	43.32%

\* The information and returns relate to the past reporting period and are not indicative of future income.

(Sub-fund performance is calculated in accordance with the relevant SFAMA "Guidelines on the Calculation and Publication of Performance Data of Collective Investment Schemes".)

## Julius Baer Special Funds

### CONSOLIDATED STATEMENT OF NET ASSETS as at 30 June 2014

	CHF
<b>Assets</b>	
Investments at market value (Cost: 71 583 325)	79 171 391
Cash at banks	434 325
Receivable from brokers	91 182
Dividends and interest	187 935
Other receivables	28 595
<b>Total Assets</b>	<b>79 913 428</b>
<b>Liabilities</b>	
Bank overdraft	3 129
Payable to brokers	97 561
Management fees payable	29 268
"Taxe d'abonnement" payable	9 925
Capital gains tax on realised gains/losses on securities	1 663
Unrealised capital gains tax on securities	741
Other liabilities	10 003
<b>Total Liabilities</b>	<b>152 290</b>
<b>Net Assets</b>	<b>79 761 138</b>

### CONSOLIDATED PROFIT AND LOSS ACCOUNT from 1 July 2013 until 30 June 2014

	CHF
<b>Income</b>	
Income from investments	2 054 255
Bank interest	1 178
Other income	30 225
Equalisation	93 756
<b>Total Income</b>	<b>2 179 414</b>
<b>Expenses</b>	
Management fees	380 015
Custodian fees and charges	181
"Taxe d'abonnement" and other taxes	36 863
Bank interest	6 468
Other expenses	170 672
Equalisation	28 292
<b>Total Expenses</b>	<b>622 491</b>
<b>Net profit/loss</b>	<b>1 556 923</b>
Realised profit/loss on:	
- Securities	2 171 363
- Options	167 988
- Forward foreign exchange contracts	65 311
- Futures	462 975
- Foreign currencies	-139 318
Capital gains tax on realised gains/losses on securities	-21 007
Equalisation	488 400
<b>Net realised profit/loss</b>	<b>4 752 635</b>
Net change in unrealised appreciation/ depreciation on:	
- Securities	6 789 721
- Options	19 779
- Forward foreign exchange contracts	19 785
- Futures	21 463
Net variation in unrealised capital gains tax on securities	32 358
<b>Total profit/loss</b>	<b>11 635 741</b>

### CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	30 June 2013 CHF	30 June 2014 CHF
Net assets at the beginning of the financial year	57 776 874	82 104 952
Foreign exchange difference	726 609	-3 643 253
Foreign exchange difference – sub-fund	633 765	1 656 146
Total profit/loss	3 600 180	11 635 741
Net subscriptions/redemptions	19 367 834	-11 992 109
Dividend distributions	-310	-339
<b>Net assets at the end of the financial year</b>	<b>82 104 952</b>	<b>79 761 138</b>

### EXCHANGE RATES USED FOR THE CONSOLIDATION

as at 30 June 2014 in CHF

1 EUR = 1.21416 CHF

1 USD = 0.88680 CHF

The accompanying notes form an integral part of the financial statements.

## Julius Baer Special Funds - DEFENDER ASSET ALLOCATION FUND

### STATEMENT OF NET ASSETS as at 30 June 2014

EUR

No holding as at 30 June 2014

### PROFIT AND LOSS ACCOUNT from 1 July 2013 until 10 April 2014 (Merger of the Sub-Fund)

EUR

#### Income

Income from investments	188 012
Bank interest	91

<b>Total Income</b>	<b>188 103</b>
---------------------	----------------

#### Expenses

Management fees	57 243
Custodian fees and charges	119
"Taxe d'abonnement" and other taxes	1 489
Bank interest	649
Other expenses*	25 855
Equalisation	680

<b>Total Expenses</b>	<b>86 035</b>
-----------------------	---------------

<b>Net profit/loss</b>	<b>102 068</b>
------------------------	----------------

Realised profit/loss on:

- Securities	-23 720
- Options	138 357
- Forward foreign exchange contracts	54 495
- Futures	381 312
- Foreign currencies	-44 751
Equalisation	-5 209

<b>Net realised profit/loss</b>	<b>602 552</b>
---------------------------------	----------------

Net change in unrealised appreciation/  
depreciation on:

- Securities	118 181
- Options	16 290
- Forward foreign exchange contracts	16 297
- Futures	17 677

<b>Total profit/loss</b>	<b>770 997</b>
--------------------------	----------------

### STATEMENT OF CHANGES IN NET ASSETS

**30 June 2013  
EUR**

**30 June 2014  
EUR**

Net assets at the beginning of the reporting period	16 144 099	10 349 740
Foreign exchange difference – sub-fund	-62 007	-
Total profit/loss	310 004	770 997
Net subscriptions/redemptions	-6 042 104	-11 120 458
Dividend distributions	-252	-279
<b>Net assets at the end of the reporting period</b>	<b>10 349 740</b>	<b>-</b>

\* See page 11

The accompanying notes form an integral part of the financial statements.

## Julius Baer Special Funds - DEFENDER ASSET ALLOCATION FUND

COMPARATIVE STATEMENT	30 June 2012 EUR	30 June 2013 EUR	30 June 2014 EUR
Number of shares outstanding			
Distribution shares (Shares A-CHF)	10.00	-	-
Distribution shares (Shares A-EUR)	145.00	145.00	-
Distribution shares (Shares Ca-CHF)	10.00	-	-
Distribution shares (Shares Ca-EUR)	10.00	10.00	-
Accumulation shares (Shares B-CHF)	10.00	-	-
Accumulation shares (Shares B-EUR)	16 011.91	28 163.86	-
Accumulation shares (Shares C-CHF)	32 015.78	-	-
Accumulation shares (Shares C-EUR)	117 290.48	70 734.48	-
Accumulation shares (Shares E-EUR)	10.00	10.00	-
<b>Net Assets</b>	<b>16 144 099</b>	<b>10 349 740</b>	<b>-</b>
NAV per share			
Distribution shares (Shares A-CHF)	96.05	-	-
Distribution shares (Shares A-EUR)	97.64	99.10	-
Distribution shares (Shares Ca-CHF)	97.01	-	-
Distribution shares (Shares Ca-EUR)	98.34	99.85	-
Accumulation shares (Shares B-CHF)	97.99	-	-
Accumulation shares (Shares B-EUR)	100.03	103.18	-
Accumulation shares (Shares C-CHF)	99.61	-	-
Accumulation shares (Shares C-EUR)	101.19	105.00	-
Accumulation shares (Shares E-EUR)	98.09	100.56	-
Dividend for the previous financial year (Shares A-CHF)	1.75	-	-
Dividend for the previous financial year (Shares A-EUR)	1.90	1.60	1.80
Dividend for the previous financial year (Shares Ca-CHF)	1.75	-	-
Dividend for the previous financial year (Shares Ca-EUR)	1.90	2.05	1.80



**Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA)**

---

**Report of the Fund Management**

**Investment Policy**

The aim of the Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA is to achieve long-term capital growth. To this end, the sub-fund invests actively in select equities, which are represented in the Index MSCI AC Asia Pacific ex Japan. Stock picking is conducted actively on the basis of a combination of two rules-based investment models. The first model is guided by patterns of equity price performances and identifies stocks that appear to be attractive on this basis. The second model attempts to identify undervalued equities on the basis of fundamental corporate data. The sub-fund is suitable for investors with a long-term orientation, who wish to participate in the performance of Asian markets and who have a high risk tolerance.

**Market and Portfolio review**

The MSCI AC Asia Pacific ex Japan Index gained 18.3% in US dollar terms in the reporting period. New Zealand and South Korean shares and the IT, industrials and commodities sectors achieved above-average total returns, in contrast to telecommunications, consumer staples, energy and financials. From the perspective of an investor denominated in US dollars, movements in the exchange rates of the most important portfolio currencies over the course of the past twelve months had a positive effect (Australian dollar, Korean won and New Zealand dollar) on the valuation of assets.

Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA delivered a positive absolute return of 13.2%, but in relative terms the return was 4.4% below the benchmark index. The underperformance stems mainly from the stock selection, with stocks in the financials, consumer discretionary, healthcare and energy sectors accounting for the most significant negative contribution to the relative return, while stocks in the industrials and consumer staples sectors made a positive contribution. Largan Precision, GS Engineering & Construction, Astra Agro Lestari Tbk and China Mobile Ltd delivered the highest additional returns, while Tencent Holdings Limited and China Overseas Grand Oceans Group made the highest positive contribution to the relative return. Based on the stock selection, the exposure to the IT, commodities and consumer staples sectors increased in the reporting period. The proportion of Taiwanese and Indonesian shares in the portfolio also increased. As a result of the changes, the portfolio now has a dividend yield of 2.4%, a price/earnings ratio of 19.1 and a return on equity of 7.6%. The same indicators are 2.9%, 13.8 and 11.9%, respectively, for the benchmark index portfolio.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA)**

**STATEMENT OF NET ASSETS**  
as at 30 June 2014

USD

**Assets**

Investments at market value (Cost: 24 098 626)	25 910 082
Cash at banks	79 112
Dividends and interest	94 829

**Total Assets**

**26 084 023**

**Liabilities**

Bank overdraft	3 528
Management fees payable	9 448
"Taxe d'abonnement" payable	3 232
Capital gains tax on realised gains/losses on securities	1 062
Unrealised capital gains tax on securities	836
Other liabilities	4 199

**Total Liabilities**

**22 305**

**Net Assets**

**26 061 718**

**PROFIT AND LOSS ACCOUNT**  
from 1 July 2013 until 30 June 2014

USD

**Income**

Income from investments	538 456
Bank interest	243
Other income	20 281
Equalisation	14 652

**Total Income**

**573 632**

**Expenses**

Management fees	109 476
"Taxe d'abonnement" and other taxes	11 917
Bank interest	2 532
Other expenses*	59 575
Equalisation	25 948

**Total Expenses**

**209 448**

**Net profit/loss**

**364 184**

Realised profit/loss on:

- Securities	-227 557
- Foreign currencies	-52 136
Capital gains tax on realised gains/losses on securities	-9 688
Equalisation	10 446

**Net realised profit/loss**

**85 249**

Net change in unrealised appreciation/  
depreciation on:

- Securities	2 465 615
Net variation in unrealised capital gains tax on securities	16 238

**Total profit/loss**

**2 567 102**

**STATEMENT OF CHANGES IN NET ASSETS**

**30 June 2013**  
**USD**

**30 June 2014**  
**USD**

Net assets at the beginning of the financial year	9 682 169	29 726 959
Foreign exchange difference – sub-fund	338 676	736 152
Total profit/loss	47 424	2 567 102
Net subscriptions/redemptions	19 658 690	-6 968 495
<b>Net assets at the end of the financial year</b>	<b>29 726 959</b>	<b>26 061 718</b>

\* See page 11

The accompanying notes form an integral part of the financial statements.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA)**

COMPARATIVE STATEMENT	30 June 2012 USD	30 June 2013 USD	30 June 2014 USD
Number of shares outstanding			
Accumulation shares (Shares S-CHF)	-	-	1 110.00*
Accumulation shares (Shares S-EUR)	70 010.00	115 821.00	86 306.00
Accumulation shares (Shares S-USD)	10 010.00	129 210.00	103 560.00
<b>Net Assets</b>	<b>9 682 169</b>	<b>29 726 959</b>	<b>26 061 718</b>
NAV per share			
Accumulation shares (Shares S-CHF)	-	-	105.53*
Accumulation shares (Shares S-EUR)	99.33	107.00	115.80
Accumulation shares (Shares S-USD)	93.58	104.78	118.59

\* The share class was launched on 24 March 2014.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA)

## SECURITIES PORTFOLIO AS AT 30 JUNE 2014

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
<b>TOTAL</b>		<b>25 910 082</b>	<b>99.42%</b>	127 000	SYNNEX TECHNOLOGY INTERNATL.	213 925	0.82%
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE</b>		<b>25 563 047</b>	<b>98.09%</b>	58 000	TAISHIN FINANCIAL HOLDINGS	29 717	0.11%
<b>Equities</b>		<b>25 557 549</b>	<b>98.07%</b>	259 120	UNIMICRON TECHNOLOGY CORP	250 777	0.96%
<b>Republic of Korea</b>		<b>4 890 372</b>	<b>18.77%</b>	130 500	UNITED MICROELECTRONIC CORP	65 334	0.25%
146	AMORE PACIFIC CORP (NEW)	220 056	0.84%	112 000	WALSIN LIHWA CORPORATION	39 944	0.15%
9 300	CHEIL WORLDWIDE INC	209 708	0.80%	31 000	WISTRON CORP	28 289	0.11%
440	DAELIM INDUSTRIAL CO LTD	36 684	0.14%				
24 290	DAEWOO ENGINEERING &CONSTR.	210 680	0.81%	<b>Australia</b>		<b>3 589 605</b>	<b>13.77%</b>
7 640	GS ENGINEERING&CONSTRUCT. CORP	254 636	0.98%	2 938	ANZ BANKING GROUP	92 061	0.35%
5 247	GS HOLDINGS CORP	234 037	0.90%	18 030	BANK OF QUEENSLAND LTD	206 566	0.79%
1 223	HONAM PETROCHEMICAL CO	223 161	0.86%	5 734	BHP BILLITON LTD	193 469	0.74%
252	HYUNDAI DEPARTMENT STORE CO	34 643	0.13%	22 580	BRAMBLES LTD	195 028	0.75%
410	HYUNDAI MOTOR CO LTD	93 060	0.36%	3 175	CSL LTD	198 587	0.76%
5 900	HYUNDAI SECURITIES CO LTD	34 485	0.13%	11 454	ECHO ENTERTAINMENT GROUP LTD	33 802	0.13%
840	HYUNDAI STEEL CO	61 809	0.24%	7 710	FORTESCUE METALS GROUP LTD	31 521	0.12%
880	KANGWON LAND INC	25 848	0.10%	37 770	INSURANCE AUSTRALIA GROUP LTD	207 309	0.80%
270	KJB FIN GRP	2 977	0.01%	16 800	LEND LEASE GROUP	207 000	0.79%
412	KNB FIN GRP	5 236	0.02%	3 733	MACQUARIE GROUP LTD	209 209	0.80%
5 310	KOREA ELECTRIC POWER CORP.	195 884	0.75%	123 200	MIRVAC GROUP	206 684	0.79%
2 583	KT CORPORATION / SADR	38 693	0.15%	2 800	NATIONAL AUSTRALIA BANK LTD	86 263	0.33%
823	LOTTE SHOPPING LTD	251 103	0.96%	23 092	NEWCREST MINING	228 316	0.88%
281	NHN CORPORATION	232 054	0.89%	34 644	QANTAS AIRWAYS LTD	41 026	0.16%
231	ORION CORPORATION	211 781	0.81%	4 589	REA GROUP LTD	184 207	0.71%
505	POSCO	151 831	0.58%	12 940	SEEK LTD	192 762	0.74%
180	SAMSUNG ELECTRONICS CO LTD	235 342	0.90%	156 800	SP AUSNET STAPLED SEC	195 263	0.75%
7 170	SAMSUNG HEAVY INDUSTRIES	191 815	0.74%	51 720	SYDNEY AIRPORT-STAPLED SECURITY	205 130	0.79%
1 898	SAMSUNG LIFE INSURANCE CO LTD	191 466	0.73%	59 250	TABCORP HOLDINGS LTD	187 105	0.72%
1 391	SK HOLDINGS CO LTD	251 065	0.96%	29 660	TRANSURBAN GROUP	206 003	0.79%
2 887	SK INNOVATION CO LTD	322 643	1.25%	10 114	TREASURY WINE ESTATES	47 623	0.18%
25 800	SK NETWORKS CO LTD	274 300	1.05%	6 270	WESTPAC BANKING CORP	199 650	0.77%
229	SK TELECOM CO LTD	53 563	0.21%	1 058	WOOLWORTHS	35 021	0.13%
3 459	S-OIL CORP	194 652	0.75%	<b>China</b>		<b>3 240 654</b>	<b>12.44%</b>
2 414	WOONG JIN COWAY CO LTD	202 217	0.78%	331 000	BANK OF CHINA LTD -H-	148 191	0.57%
3 557	WOORI FINANCE HOLDINGS CO LTD	42 390	0.16%	53 000	BBMG -H-	34 191	0.13%
23 460	WOORI INVESTMENT&SECURIT.CO	202 553	0.78%	38 500	BYD COMPANY LIMITED -H-	221 295	0.85%
<b>Taiwan</b>		<b>4 108 216</b>	<b>15.74%</b>	76 660	CHINA CITIC BK -H-	46 487	0.18%
30 000	ADVANTECH CO LTD	256 183	0.98%	71 850	CHINA COAL ENERGY CO LTD -H-	37 359	0.14%
105 000	AU OPTRONICS CORP	44 480	0.17%	34 390	CHINA COMMUNICATIONS CONSTR-H-	23 073	0.09%
75 887	CHENG SHIN RUBBER INDUSTRY CO	194 156	0.74%	76 000	CHINA LIFE INSURANCE CO LTD-H-	199 055	0.76%
77 000	CHINA DEVELOPMENT FIN.HLD CO	25 322	0.10%	13 500	CHINA MERCHANTS BANK /-H-	26 615	0.10%
29 000	CHINA MOTOR CO LTD	28 940	0.11%	40 000	CHINA NATL BLDING MATERIAL -H-	35 249	0.14%
539 000	CHINA PETROCHEMICAL DEVELOP.	219 308	0.84%	90 000	CHINA PETROLEUM & CHEM CORP H	85 813	0.33%
92 000	EPISTAR CORP	227 986	0.87%	48 000	CHINA RAILWAY CONSTR CORP -H-	42 237	0.16%
19 000	FARGORY LAND DEVELOPMENT CO	25 864	0.10%	87 560	CHINA RAILWAY GROUP LTD -H-	42 816	0.16%
196 000	FORMOSA TAFFETA CO LTD	216 600	0.83%	53 100	CHINA TELECOM CORP LTD -H-	25 966	0.10%
17 000	HIGHWEALTH CONSTRUCTION CORP	38 029	0.15%	105 900	CNA INT MAR -H-	204 132	0.78%
21 000	HIWIN TECHNOLOGIES	259 148	0.99%	94 490	DATANG INT. POWER GENERATION -H-	36 940	0.14%
69 000	HON HAI PRECISION IND. CO LTD	231 067	0.89%	56 500	GREAT WALL MOTOR CO LTD -H-	209 945	0.81%
351 000	HUA NAN FINANCIAL HOLDING CO	219 805	0.84%	21 400	GUANGZHOU R&F PROP. -H- / NEW	26 423	0.10%
101 000	INNOLUX CORPORATION	47 352	0.18%	28 000	HUANENG POWER INTL H	31 610	0.12%
225 000	INVENTEC CORPORATION	215 495	0.83%	229 000	IND & COM BOC -H-	144 776	0.56%
46 000	KINSUS INTERCONNECT TECHN.CORP	206 420	0.79%	227 000	PETROCHINA CO LTD /-H-	286 730	1.11%
3 200	LARGAN PRECISION CO LTD	255 045	0.98%	526 000	PICC GRP CN -H-	207 669	0.80%
19 000	PEGATRON CORPORATION	36 268	0.14%	150 000	PICC PROPERTY & CASUALTY -H-	227 208	0.87%
186 600	POU CHEN CORP	224 647	0.86%	26 500	PING AN INSUR. (GRP) CO -H-	205 145	0.79%
23 400	POWERTECH TECHNOLOGY INC	42 315	0.16%	221 000	SHANGDONG WEIGAO MED. POLY -H-	215 850	0.83%
26 370	PRESIDENT CHAIN STORE CORP.	211 056	0.81%	111 600	SHANGHAI PHARMACEUTICALS-H-	232 110	0.89%
91 000	SHIN KONG FINANCIAL HLD CO LTD	28 067	0.11%	52 800	YANZHOU COAL MINING CO H	39 920	0.15%
138 000	SILICONWARE PRECISION INDUSTR.	226 677	0.87%	103 400	ZTE CORP -H-	203 849	0.78%

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF ASIA

## (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF ASIA)

### SECURITIES PORTFOLIO AS AT 30 JUNE 2014 (continued)

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
<b>Hong Kong</b>				<b>Philippines</b>			
39 860	AIA GROUP	200 313	0.77%	300 700	ALLIANCE GLOBAL GROUP INC	200 418	0.77%
22 960	BEIJING ENTERPRISES HLD LTD	217 288	0.83%	116 200	DMCI HOLDINGS INC	196 947	0.76%
15 000	CHEUNG KONG HOLDINGS HKD0.5	266 109	1.02%	82 350	INTL CONTAINER TERMINAL SERV.	209 362	0.80%
82 670	CHINA AGRI INDUSTRIES HOLDINGS	31 465	0.12%	1 707 000	METRO PACIFIC INVESTMENTS CORP	195 877	0.75%
30 000	CHINA EVERBRIGHT LTD	40 332	0.15%	<b>Bermuda Islands</b>			
123 200	CHINA INSURANCE INTERNATIONAL	220 630	0.85%	<b>695 679</b>			
9 700	CHINA MOBILE LTD	94 114	0.36%	67 810	CHINA RESOURCES GAS GROUP LTD	213 475	0.82%
136 600	CITIC PACIFIC LTD	239 339	0.92%	11 000	KERRY PROPERTIES LTD	38 461	0.15%
27 000	GALAXY ENTERTAINMENT GROUP	215 983	0.83%	142 000	LI & FUNG LTD	210 326	0.81%
174 000	GUANGDONG INVESTMENT LTD	200 701	0.77%	187 000	NOBLE GROUP LTD	205 223	0.79%
11 200	H.K. EXCHANGES AND CLEARING LTD	208 809	0.80%	18 000	SHANGRI-LA ASIA LTD	28 194	0.11%
12 250	HANG SENG BANK LTD	200 094	0.77%	<b>Singapore</b>			
12 793	HENDERSON LAND DEV.	74 854	0.29%	<b>261 546</b>			
10 500	HOPEWELL HOLDINGS LTD	36 578	0.14%	10 000	CAPITALAND LTD	25 634	0.10%
6 500	HUTCHISON WHAMP / HK0.25	88 896	0.34%	42 000	HUTCHISON PORT UNITS REG S	30 240	0.12%
5 000	HYSAN DEVELOPMENT CO	23 417	0.09%	10 000	KEPPEL LAND LTD	27 076	0.10%
174 400	LENOVO GROUP LTD	238 065	0.91%	17 000	OLAM INTERNATIONAL LTD	35 134	0.13%
44 930	NEW WORLD DEVELOPMENT CO. LTD	51 129	0.20%	5 000	UOL GROUP LTD	26 114	0.10%
120 000	SHOUGANG FUSHAN RES GR LTD	24 617	0.09%	2 000	UTD OVERSEAS BK / LOCAL	36 080	0.14%
20 000	SINO LAND CO LTD	32 926	0.13%	23 000	WILMAR INTERNATIONAL LTD	58 774	0.23%
2 000	SUN HUNG KAI PROPERTIES LTD	27 430	0.11%	26 000	YANGZIJANG SHIPBUILDING LTD	22 494	0.09%
2 000	SWIRE PACIFIC LTD A	24 617	0.09%	<b>Thailand</b>			
10 000	SWIRE PROPERTIES LTD	29 223	0.11%	<b>205 630</b>			
4 000	WHARF HLD. THE	28 798	0.11%	33 100	BANPU PUBLIC CO LTD	30 086	0.12%
11 000	WHEELOCK & CO	45 912	0.18%	46 400	KRUNG THAI BANK /FOR.REG.	29 880	0.11%
172 000	YUEXIU PROPERTY - SHS	32 844	0.13%	5 000	PTT EXPL. PROD. PUBLIC / FOR. REG	25 805	0.10%
<b>Cayman Islands</b>				9 600	PTT PLC CO LTD /FOREIGN REG.	94 063	0.36%
312 000	AGILE PROPERTY HOLDINGS LTD	219 792	0.84%	16 100	THAI OIL PUBLIC CO/FOR.REG.	25 796	0.10%
138 000	ANTA SPORTS PRODUCTS LTD	219 358	0.84%	<b>India</b>			
318 000	CN RESO CEMENT	199 401	0.77%	<b>79 589</b>			
27 800	ENN ENERGY HOLDINGS	199 785	0.77%	900	ICICI BK / SADR	43 902	0.17%
162 000	GOLDEN EAGLE RETAIL GROUP LTD	196 684	0.75%	4 102	TATA STEEL/GDR	35 687	0.14%
16 210	KINGBOARD CHEMICALS HOLDINGS	33 421	0.13%	<b>Mauritius</b>			
66 610	MGM CHINA	231 183	0.89%	<b>33 789</b>			
15 000	TENCENT HOLDINGS LTD	229 337	0.88%	76 000	GOLDEN AGRI - RESOURCES LTD	33 789	0.13%
4 000	TPK HOLDINGS CO	39 918	0.15%	<b>British, Virgin Islands</b>			
150 600	WANT WANT CHINA HOLDINGS LTD	216 458	0.83%	<b>26 818</b>			
70 000	ZHEN DING TECH HLDG/REG SH	230 431	0.88%	52 890	SINO - OCEAN LAND HOLDINGS LTD	26 818	0.10%
<b>Malaysia</b>				<b>Options, warrants, rights</b>			
97 500	AXIATA GRP	211 639	0.81%	<b>5 498</b>			
183 100	BUMI ARMADA BHD	193 877	0.74%	<b>MYR</b>			
119 500	IOI CORPORATION BHD	195 383	0.75%	3 210	RIGHT PUBLIC BANK BHD	5 498	0.02%
66 000	MALAYAN BANKING BERHAD	202 049	0.78%	<b>INVESTMENT FUNDS</b>			
94 200	MAXIS BHD	198 022	0.76%	<b>347 035</b>			
101 800	MISC BHD /LOCAL	206 073	0.79%	<b>United States</b>			
34 082	PARKSON HOLDINGS BHD	27 384	0.11%	1 800	ISHARES / MSCI PAC. EX - JP IND	89 514	0.34%
26 700	PETRONAS DAGANGAN BHD	199 896	0.77%	8 700	ISHS MSCI IN ID	257 521	0.99%
5 300	PPB GROUP BHD	24 990	0.10%	<b>Indonesia</b>			
32 100	PUBLIC BANK - SHS	195 739	0.75%	311 600	ADARO ENERGY	30 883	0.12%
54 800	TENAGA NASIONAL	207 868	0.80%	2 358 000	LIPPO KARAWACI	190 941	0.73%
<b>Indonesia</b>				89 600	PT ASTRA AGRO LESTARI TBK	212 940	0.82%
311 600	ADARO ENERGY	30 883	0.12%	1 067 000	PT GLOBAL MEDIACOM TBK	191 253	0.73%
2 358 000	LIPPO KARAWACI	190 941	0.73%	43 000	PT GUDANG GARAM TBK / DEMAT	194 047	0.74%
89 600	PT ASTRA AGRO LESTARI TBK	212 940	0.82%	15 300	UNITED TRACTORS	29 812	0.11%
1 067 000	PT GLOBAL MEDIACOM TBK	191 253	0.73%				
43 000	PT GUDANG GARAM TBK / DEMAT	194 047	0.74%				
15 300	UNITED TRACTORS	29 812	0.11%				

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)**

---

**Report of the Fund Management**

**Investment Policy**

The aim of the Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS is to achieve long-term capital growth. To this end, the sub-fund invests actively in select equities, which are represented in the Index MSCI AC Emerging Markets. Stock picking is conducted actively on the basis of a combination of two rules-based investment models. The first model is guided by patterns of equity price performances and identifies stocks that appear to be attractive on this basis. The second model attempts to identify undervalued equities on the basis of fundamental corporate data. The sub-fund is suitable for investors with a long-term orientation, who wish to participate in the performance of emerging markets and who have a high risk tolerance.

**Market and Portfolio review**

The MSCI AC Emerging Markets Index gained 14.7% in US dollar terms in the reporting period. Egyptian, Indian, Czech and Polish shares and the IT, consumer discretionary and utilities sectors achieved above-average total returns, in stark contrast to consumer staples, telecommunications and financials. From the perspective of an investor denominated in US dollars, movements in the exchange rates of the most important portfolio currencies over the course of the past twelve months had a positive effect (Korean won, Polish zloty and Colombian peso) on the valuation of assets.

Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS delivered a positive absolute return of 11.8% in the reporting period, but in relative terms the return was 2.5% below the benchmark index. The underperformance stems both from the stock selection and the sector allocation, with the stocks in the IT, energy, financials and utilities sectors accounting for the most significant negative contribution to the relative return, while the stocks in the commodities, telecommunications and industrial sectors made a positive contribution. Astra Agro Lestari, Coway Co and China Mobile delivered the highest additional returns, while Tencent Holdings Limited and Wumart Stores made the highest positive contribution to the relative return. Based on the stock selection, the exposure to the consumer staples, IT and telecommunications sectors increased in the reporting period. The proportion of Korean, Taiwanese and Polish shares in the portfolio also increased. As a result of the changes, the portfolio now has a dividend yield of 2.7%, a price/earnings ratio of 21.3 and a return on equity of 6.4%; in comparison, the benchmark has a dividend yield of 2.7%, a price/earnings ratio of 12.5 and a return on equity of 12.1%.

The information in this report is based on historical data and is no indication of future performance.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)**

**STATEMENT OF NET ASSETS**  
as at 30 June 2014

	USD
<b>Assets</b>	
Investments at market value	13 799 948
(Cost: 12 886 858)	
Cash at banks	144 623
Receivable from brokers	100 863
Dividends and interest	36 858
<b>Total Assets</b>	<b>14 082 292</b>
<b>Liabilities</b>	
Payable to brokers	110 015
Management fees payable	5 115
"Taxe d'abonnement" payable	1 732
Capital gains tax on realised gains/losses on securities	813
Other liabilities	2 274
<b>Total Liabilities</b>	<b>119 949</b>
<b>Net Assets</b>	<b>13 962 343</b>

**PROFIT AND LOSS ACCOUNT**

	USD
<b>Income</b>	
Income from investments	285 802
Bank interest	482
Equalisation	445
<b>Total Income</b>	<b>286 729</b>
<b>Expenses</b>	
Management fees	61 968
"Taxe d'abonnement" and other taxes	6 973
Bank interest	2 417
Other expenses*	38 503
Equalisation	5 025
<b>Total Expenses</b>	<b>114 886</b>
<b>Net profit/loss</b>	<b>171 843</b>
Realised profit/loss on:	
- Securities	-534 305
- Forward foreign exchange contracts	303
- Foreign currencies	-31 515
Capital gains tax on realised gains/losses on securities	-8 548
Equalisation	10 008
<b>Net realised profit/loss</b>	<b>-392 214</b>
Net change in unrealised appreciation/depreciation on:	
- Securities	1 311 470
Net variation in unrealised capital gains tax on securities	13 873
<b>Total profit/loss</b>	<b>933 129</b>

**STATEMENT OF CHANGES IN NET ASSETS**

	30 June 2013 USD	30 June 2014 USD
Net assets at the beginning of the financial year	9 275 545	12 564 993
Foreign exchange difference – sub-fund	203 293	515 819
Total profit/loss	-337 498	933 129
Net subscriptions/redemptions	3 423 653	-51 598
<b>Net assets at the end of the financial year</b>	<b>12 564 993</b>	<b>13 962 343</b>

\* See page 11

The accompanying notes form an integral part of the financial statements.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)**

COMPARATIVE STATEMENT	30 June 2012 USD	30 June 2013 USD	30 June 2014 USD
Number of shares outstanding			
Accumulation shares (Shares S-CHF)	-	-	2 060.00*
Accumulation shares (Shares S-EUR)	70 010.00	79 266.00	73 934.00
Accumulation shares (Shares S-USD)	10 010.00	31 510.00	35 730.00
<b>Net Assets</b>	<b>9 275 545</b>	<b>12 564 993</b>	<b>13 962 343</b>
NAV per share			
Accumulation shares (Shares S-CHF)	-	-	90.82*
Accumulation shares (Shares S-EUR)	94.28	93.90	99.65
Accumulation shares (Shares S-USD)	89.84	91.71	102.55

\* The share class was launched on 24 March 2014.



**Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)**

## SECURITIES PORTFOLIO AS AT 30 JUNE 2014

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
TOTAL		13 799 948	98.84%	97 850	POU CHEN CORP	117 815	0.84%
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE		13 274 108	95.05%	9 781	POWERTECH TECHNOLOGY INC	17 690	0.13%
				14 000	PRESIDENT CHAIN STORE CORP.	112 064	0.80%
				42 000	QUANTA COMPUTER INC.	122 380	0.88%
Equities		13 271 110	95.03%	35 410	REALTEK SEMICONDUCTOR CORP	112 191	0.80%
Republic of Korea		2 836 518	20.34%	116 000	UNIMICRON TECHNOLOGY CORP	112 279	0.80%
75	AMORE PACIFIC CORP (NEW)	112 928	0.81%	34 428	UNITED MICROELECTRONIC CORP	17 238	0.12%
1 000	BS FINL	14 721	0.11%	44 493	WALSIN LIHWA CORPORATION	15 870	0.11%
1 548	DAELIM INDUSTRIAL CO LTD	128 930	0.92%	South Africa		1 492 510	10.70%
13 000	DAEWOO ENGINEERING &CONSTR.	112 642	0.81%	7 241	BARCLAYS AFRICA -SHS-	109 921	0.79%
3 150	GS ENGINEERING&CONSTRUCT. CORP	104 881	0.75%	11 149	BARLOWORLD LTD	106 106	0.76%
2 750	GS HOLDINGS CORP	122 537	0.88%	3 900	BIDVEST GROUP LTD	103 589	0.74%
400	HANA FINANCIAL GROUP INC	14 820	0.11%	28 570	FIRSTRAND LTD /NEW	109 433	0.78%
5 740	HANWHA CHEMICAL CORP	104 065	0.75%	6 762	MR. PRICE GROUP LIMITED	114 923	0.82%
756	HONAM PETROCHEMICAL CO	137 808	0.99%	1 587	NASPERS LTD N	186 763	1.35%
230	HYOSUNG CORPORATION	15 361	0.11%	19 020	PICK N PAY STORES LTD	104 104	0.75%
130	HYUNDAI DEPARTMENT STORE CO	17 853	0.13%	5 300	REMGRO LTD	114 581	0.82%
4 000	HYUNDAI DEVELOPM. CO-ENG. & CONS.	127 057	0.91%	7 939	STANDARD BANK GROUP LIMITED	108 204	0.77%
520	HYUNDAI FIRE & MARINE INS CO	14 822	0.11%	20 880	STEINHOFF INTL HLD LTD	116 286	0.83%
280	HYUNDAI MOTOR CO LTD	63 489	0.45%	14 000	TRUWORTHS INTL LTD	98 683	0.71%
208	HYUNDAI STEEL CO	15 290	0.11%	8 762	VODACOM	108 261	0.78%
1 030	INDUSTRIAL BANK OF KOREA	13 738	0.10%	15 200	WOOLWORTHS HLD LTD	111 656	0.80%
480	KANGWON LAND INC	14 085	0.10%	China		1 270 220	9.08%
750	KB FINANCIAL GROUP INC	26 083	0.19%	173 798	BANK OF CHINA LTD -H-	77 813	0.56%
751	KIA MOTORS CORP.	41 997	0.30%	19 996	BBMG -H-	12 900	0.09%
1 180	KOREA ELECTRIC POWER CORP.	43 486	0.31%	23 799	CHINA CITIC BK -H-	14 432	0.10%
400	KOREAN AIR	13 200	0.09%	23 543	CHINA COAL ENERGY CO LTD -H-	12 242	0.09%
490	KT CORPORATION	14 790	0.11%	35 028	CHINA COMMUNICATIONS CONSTR-H-	23 502	0.17%
292	LG CORP	18 031	0.13%	97 000	CHINA LG PWR -H-	105 256	0.75%
590	LG DISPLAY CO LTD	18 537	0.13%	81 500	CHINA PETROLEUM & CHEM CORP H	77 710	0.56%
11 740	LG UPLUS CORP	106 944	0.77%	27 991	CHINA RAILWAY CONSTR CORP -H-	24 631	0.18%
438	LOTTE SHOPPING LTD	133 502	0.96%	52 878	CHINA RAILWAY GROUP LTD -H-	25 858	0.19%
230	LS CORP	16 884	0.12%	109 223	CHINA TELECOM CORP LTD -H-	53 411	0.38%
330	MIRAEASSET SECURITIES CO LTD	14 623	0.10%	57 500	CNA INT MAR -H-	110 840	0.79%
148	NHN CORPORATION	122 097	0.87%	42 996	DATANG INT. POWER GENERATION -H-	16 809	0.12%
623	OCI COMPANY LTD	105 870	0.76%	18 601	DONGFENG MOTOR -H-	33 312	0.24%
132	ORION CORPORATION	120 896	0.87%	26 000	GREAT WALL MOTOR CO LTD -H-	96 615	0.69%
150	POSCO	45 053	0.32%	30 288	HUANENG POWER INTL H	34 194	0.24%
93	SAMSUNG ELECTRONICS CO LTD	121 471	0.87%	118 957	IND & COM BOC -H-	75 208	0.54%
3 790	SAMSUNG HEAVY INDUSTRIES	101 289	0.73%	14 500	PING AN INSUR. (GRP) CO -H-	112 253	0.80%
1 130	SAMSUNG LIFE INSURANCE CO LTD	113 877	0.82%	112 000	SHANGDONG WEIGAO MED. POLY -H-	109 393	0.78%
300	SHINHAN FINANCIAL GROUP	13 886	0.10%	60 000	SHANGHAI PHARMACEUTICALS-H-	124 794	0.89%
79	SK HOLDINGS CO LTD	14 244	0.10%	20 550	ZOOMLION PHEVY SHS H	12 727	0.09%
1 189	SK INNOVATION CO LTD	132 745	0.95%	59 000	ZTE CORP -H-	116 320	0.83%
80	SK TELECOM CO LTD	18 693	0.13%	Brazil		1 240 816	8.87%
2 000	S-OIL CORP	112 434	0.81%	5 111	BANCO DO BRASIL SA	57 624	0.41%
1 319	WOONG JIN COWAY CO LTD	110 379	0.79%	3 266	BANRISUL PNB -B-/PREF	15 929	0.11%
1 426	WOORI FINANCE HOLDINGS CO LTD	16 977	0.12%	1 791	BRADESPAR SA BRASIL/PREF.	16 455	0.12%
12 000	WOORI INVESTMENT&SECURIT.CO	103 503	0.74%	124 900	BRASIL TELECOM SA/PREF	110 501	0.79%
Taiwan		1 620 165	11.59%	8 600	CETIP SA MERCADOS ORGANIZADOS	122 712	0.88%
15 000	ADVANTECH CO LTD	128 107	0.92%	11 000	CIA HERING	110 993	0.79%
36 288	AU OPTRONICS CORP	15 374	0.11%	873	CIA SANEAMENTO MINAS GERAIS SA	16 041	0.11%
42 000	CHENG SHIN RUBBER INDUSTRY CO	107 469	0.77%	10 390	CIE ENERG.SAO PAULO/PREF.-B-	131 048	0.94%
290 000	CHINA PETROCHEMICAL DEVELOP.	118 009	0.85%	6 072	CIELO	125 346	0.90%
16 690	DELTA ELECTRONIC INDUSTRIAL	121 578	0.87%	1 021	COPEL.CIA PARAN.EN.PREF. B	15 694	0.11%
170 309	E SUN FINANCIAL HOLDING LTD	109 231	0.78%	3 406	EDP ENERGIAS DO BRASIL SA	16 767	0.12%
102 000	FORMOSA TAFFETA CO LTD	112 734	0.81%	37 300	ELETRORBRAS	108 138	0.77%
6 298	HIGHWEALTH CONSTRUCTION CORP	14 090	0.10%	2 500	GERDAU / PREF.	14 677	0.11%
33 111	INNOLUX CORPORATION	15 525	0.11%	5 598	JBS AS	19 303	0.14%
1 700	LARGAN PRECISION CO LTD	135 509	0.97%	4 300	KROTON EDUCACIONAL7-OPEN/CV	120 878	0.87%
6 800	MEDIA TEK INCORPORATION	115 012	0.82%				

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS

## (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)

### SECURITIES PORTFOLIO AS AT 30 JUNE 2014 (continued)

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
2 203	METALURGICA GERDAU / PREF.	15 622	0.11%	46 288	FRANSHION PROP.	12 184	0.09%
12 000	PETROBRAS. PETR.BRASILEIRO	88 417	0.63%	2 200	HUTCHISON WHAMP / HK0.25	30 089	0.22%
7 540	SANTANDER BR / UNITS (55 ,SH + 50 PFD)	51 724	0.37%	32 720	POLY (HONG KONG) INVESTMENTS LTD	13 636	0.10%
5 000	USIMINAS /PREF.-A-	17 195	0.12%				
5 500	VALE -A- / PREF	65 752	0.47%				
<b>Malaysia</b>		<b>1 103 441</b>	<b>7.90%</b>	<b>Chile</b>		<b>218 517</b>	<b>1.56%</b>
52 700	AXIATA GRP	114 394	0.82%	1 706 000	BSANTANDER	112 304	0.80%
97 300	BUMI ARMADA BHD	103 027	0.74%	52 510	CONCHATOR SPONSORED	106 213	0.76%
53 000	IJM CORPORATION BHD	110 588	0.79%	<b>Egypt</b>		<b>216 979</b>	<b>1.55%</b>
35 200	MALAYAN BANKING BERHAD	107 759	0.77%	22 180	COMMERCIAL INTL. BANK LTD	110 434	0.79%
54 000	MAXIS BHD	113 516	0.81%	148 500	ORASCOM TELECOM HOLDING	106 545	0.76%
57 000	MISC BHD /LOCAL	115 384	0.83%	<b>Philippines</b>		<b>208 556</b>	<b>1.49%</b>
14 300	PETRONAS DAGANGAN BHD	107 061	0.77%	155 400	ALLIANCE GLOBAL GROUP INC	103 602	0.74%
17 500	PUBLIC BANK - SHS	106 711	0.76%	914 400	METRO PACIFIC INVESTMENTS CORP	104 954	0.75%
57 000	TELEKOM MALAYSIA BHD	112 722	0.81%	<b>Turkey</b>		<b>131 419</b>	<b>0.93%</b>
29 600	TENAGA NASIONAL	112 279	0.80%	7 744	AKBANK	28 452	0.20%
<b>Cayman Islands</b>		<b>735 032</b>	<b>5.28%</b>	3 509	SABANCI HOLDING	16 367	0.12%
158 199	AGILE PROPERTY HOLDINGS LTD	111 448	0.80%	11 393	TURK SISE CAM	16 012	0.11%
76 000	ANTA SPORTS PRODUCTS LTD	120 810	0.87%	2 237	TURKIYE HALK BANKASI A.S.	16 775	0.12%
42 352	GEEELY AUTOMOBILE HLD LTD	14 918	0.11%	7 745	TURKIYE IS BANKASI AS C	20 930	0.15%
92 000	GOLDEN EAGLE RETAIL GROUP LTD	111 700	0.80%	7 290	TURKIYE VAKIFLAR BANKASI TAO	17 088	0.12%
7 114	KINGBOARD CHEMICALS HOLDINGS	14 668	0.11%	7 249	YAPI KREDI BANKASA	15 795	0.11%
61 457	SHUI ON LAND LTD	14 987	0.11%	<b>Greece</b>		<b>124 797</b>	<b>0.89%</b>
82 000	WANT WANT CHINA HOLDINGS LTD	117 863	0.84%	14 000	HELLENIC PETROLEUM SA	110 792	0.79%
36 000	ZHEN DING TECH HLDG/REG SH	118 521	0.85%	906	PUBLIC POWER CORP /REG.	14 005	0.10%
84 500	ZHONGSHENG GRP	110 117	0.79%	<b>Peru</b>		<b>124 005</b>	<b>0.89%</b>
<b>Russia</b>		<b>471 475</b>	<b>3.38%</b>	10 500	BUENAVENTURA / SADR (1SHS)	124 005	0.89%
4 991	AFK SISTEMA / SGDR	153 854	1.11%	<b>Bermuda Islands</b>		<b>112 486</b>	<b>0.81%</b>
1 524	GAZPR SPONS. ADR REPR 2 SHS	13 238	0.09%	35 730	CHINA RESOURCES GAS GROUP LTD	112 486	0.81%
1 413	JSC SURGUTNEFTEGAZ / SADR	10 881	0.08%	<b>India</b>		<b>44 751</b>	<b>0.32%</b>
1 000	LUKOIL / SADR REP.1 SHS.	59 500	0.43%	1 081	MAHINDRA&MAHINDRA/GDR REG.S	20 820	0.15%
1 870	MAGNIT OJSC - SGDR	110 330	0.79%	639	RELIANCE INFRASTRUCTURE /GDR	23 931	0.17%
1 430	SBERBANK OF RUSSIA OJSC / SADR	14 422	0.10%	<b>British, Virgin Islands</b>		<b>15 549</b>	<b>0.11%</b>
45 070	VNESHTORGBANK SGDR	109 250	0.78%	30 664	SINO - OCEAN LAND HOLDINGS LTD	15 549	0.11%
<b>Indonesia</b>		<b>426 234</b>	<b>3.06%</b>	<b>Hungary</b>		<b>15 415</b>	<b>0.11%</b>
1 200 000	LIPPO KARAWACI	97 171	0.70%	288	MOL MAGYAR / -A-	15 415	0.11%
46 000	PT ASTRA AGRO LESTARI TBK	109 322	0.78%	<b>Options, warrants, rights</b>		<b>2 998</b>	<b>0.02%</b>
621 700	PT GLOBAL MEDIACOM TBK	111 436	0.80%	<b>MYR</b>		<b>2 998</b>	<b>0.02%</b>
24 000	PT GUDANG GARAM TBK / DEMAT	108 305	0.78%	1 750	RIGHT PUBLIC BANK BHD	2 998	0.02%
<b>Mexico</b>		<b>325 784</b>	<b>2.34%</b>	<b>TRANSFERABLE SECURITIES LISTED ON ANOTHER REGULATED MARKET</b>		<b>337 976</b>	<b>2.43%</b>
87 137	CEMEX SAB DE CV / C.PART.(2A+1B)	115 327	0.83%	<b>Equities</b>		<b>337 976</b>	<b>2.43%</b>
27 900	CONTROLADORA COM.SAB/(1 C+3 B)	104 627	0.75%	<b>Russia</b>		<b>116 595</b>	<b>0.84%</b>
20 370	GRUPO CARSO SAB DE CV /A1	105 830	0.76%	46 000	ROSTELEKOM	116 595	0.84%
<b>Poland</b>		<b>288 871</b>	<b>2.06%</b>	<b>Colombia</b>		<b>114 223</b>	<b>0.82%</b>
4 040	ALIOR BANK	110 423	0.79%	5 600	CORP FINANCIERA COLOMBIANA SA	114 223	0.82%
39 440	BANK MILLENNIUM SA	100 915	0.72%	<b>Taiwan</b>		<b>107 158</b>	<b>0.77%</b>
2 703	ENEA	14 064	0.10%	2 700	HERMES MICROVISION INC SHS	107 158	0.77%
1 287	GRUPA LOTOS SA	15 681	0.11%				
9 938	POLISH OIL & GAS CO	17 181	0.12%				
1 312	POLSKI KONCERN NAFTOWY ORLEN	17 714	0.13%				
7 573	TAURON POLSKA ENERGIA SA	12 893	0.09%				
<b>Hong Kong</b>		<b>247 570</b>	<b>1.77%</b>				
38 493	CHINA AGRI INDUSTRIES HOLDINGS	14 651	0.10%				
41 968	CHINA UNICO (HK)	64 871	0.46%				
64 000	CITIC PACIFIC LTD	112 139	0.80%				

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF EMERGING MARKETS**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EMERGING MARKETS)**

---

**SECURITIES PORTFOLIO AS AT 30 JUNE 2014 (continued)**

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
<b>INVESTMENT FUNDS</b>		<b>187 864</b>	<b>1.36%</b>
<b>United States</b>		<b>187 864</b>	<b>1.36%</b>
6 319	ISHS MSCI IN ID	187 864	1.36%

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

# **Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE**

## **(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE)**

---

### **Report of the Fund Management**

#### **Investment Policy**

The aim of the Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE is to achieve long-term capital growth. To this end, the sub-fund invests actively in select equities, which are represented in the Index MSCI Europe. Stock picking is conducted actively on the basis of a combination of two rules-based investment models. The first model is guided by patterns of equity price performances and identifies stocks that appear to be attractive on this basis. The second model attempts to identify undervalued equities on the basis of fundamental corporate data. The sub-fund is suitable for investors with a long-term orientation, who wish to participate in the performance of European markets and who have a high risk tolerance.

#### **Market and Portfolio review**

The MSCI Europe Index gained 22.7% in euro terms in the reporting period. Shares from periphery countries – that is, Spain, Italy, Denmark, Finland and Greece – delivered above-average total returns, in contrast to Austria, Switzerland, Sweden as well as Portugal. The utilities, telecommunications services and energy sectors brought the highest returns, while consumer staples, IT and industrials brought the lowest. Furthermore, small caps delivered a positive additional return relative to the benchmark index.

Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE achieved a 4.6% higher return than the benchmark index. The outperformance stems entirely from the stock selection, as the sector positioning had a negative effect. Thus the underweight in financials, telecommunications services and energy made the biggest impact, which the positive relative contributions made by the overweights in healthcare, industrials and utilities were unable to fully offset. The stock selection was particularly successful in the financials (e.g. Mediobanca, Barclays and Commerzbank and also the absence of HSBC and Standard Chartered from the portfolio), industrials (Vestas Wind Systems and Invensys) and healthcare sectors (Astrazeneca, Sanofi and Coloplast). The exposures to Total, Daimler, Tate & Lyle, Ryanair, Kazakhmys and Svenska Cellulosa were less successful. Based on the stock selection, the exposure to the financials, utilities and consumer discretionary sectors increased in the course of the reporting year. The portfolio has a dividend yield of 3.3%, a price/earnings ratio of 16.9 and a return on equity of 10.9%. The same indicators are 3.2%, 17.6 and 10.5%, respectively, for the benchmark index portfolio.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE)**

**STATEMENT OF NET ASSETS**  
as at 30 June 2014

EUR

**Assets**

Investments at market value (Cost: 20 810 646)	23 722 791
Cash at banks	100 599
Receivable from brokers	1 430
Dividends and interest	24 418
Other receivables	19 464
<b>Total Assets</b>	<b>23 868 702</b>

**Liabilities**

Management fees payable	8 825
"Taxe d'abonnement" payable	2 976
Other liabilities	1 962
<b>Total Liabilities</b>	<b>13 763</b>

**Net Assets**

**23 854 939**

**PROFIT AND LOSS ACCOUNT**  
from 1 July 2013 until 30 June 2014

EUR

**Income**

Income from investments	641 297
Bank interest	109
Other income	9 189
Equalisation	64 076
<b>Total Income</b>	<b>714 671</b>

**Expenses**

Management fees	80 584
Custodian fees and charges	30
"Taxe d'abonnement" and other taxes	9 393
Bank interest	352
Other expenses*	17 920
<b>Total Expenses</b>	<b>108 279</b>

**Net profit/loss**

**606 392**

Realised profit/loss on:

- Securities	1 376 142
- Forward foreign exchange contracts	-1 759
- Foreign currencies	-1 439
Equalisation	351 211

**Net realised profit/loss**

**2 330 547**

Net change in unrealised appreciation/  
depreciation on:

- Securities	2 186 566
--------------	-----------

**Total profit/loss**

**4 517 113**

**STATEMENT OF CHANGES IN NET ASSETS**

**30 June 2013**  
**EUR**

**30 June 2014**  
**EUR**

Net assets at the beginning of the financial year	9 523 339	14 172 330
Total profit/loss	1 794 736	4 517 113
Net subscriptions/redemptions	2 854 255	5 165 496
<b>Net assets at the end of the financial year</b>	<b>14 172 330</b>	<b>23 854 939</b>

\* See page 11

The accompanying notes form an integral part of the financial statements.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE)**

COMPARATIVE STATEMENT	30 June 2012 EUR	30 June 2013 EUR	30 June 2014 EUR
Number of shares outstanding			
Accumulation shares (Shares S-CHF)	-	-	1 155.00*
Accumulation shares (Shares S-EUR)	100 010.00	125 510.00	164 745.00
<b>Net Assets</b>	<b>9 523 339</b>	<b>14 172 330</b>	<b>23 854 939</b>
NAV per share			
Accumulation shares (Shares S-CHF)	-	-	174.26*
Accumulation shares (Shares S-EUR)	95.22	112.92	143.79

\* The share class was launched on 24 March 2014.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE

## (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE)

### SECURITIES PORTFOLIO AS AT 30 JUNE 2014

Number/ Nominal value (in 1000)	Securities	Market value EUR	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value EUR	% of net assets
<b>TOTAL</b>		<b>23 722 791</b>	<b>99.45%</b>				
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE</b>		<b>23 380 374</b>	<b>98.01%</b>				
<b>Equities</b>		<b>23 380 374</b>	<b>98.01%</b>				
<b>United Kingdom</b>		<b>4 986 137</b>	<b>20.89%</b>				
12 478	3I GROUP PLC	62 628	0.26%	2 864	MERCK KGAA	181 549	0.76%
33 958	ABERDEEN ASSET MANAGEMENT PLC	192 491	0.81%	1 190	MUENCHENER RUECKVERS / NAMENSAKT	192 661	0.81%
3 400	ASS. BRITISH FOODS PLC	129 462	0.54%	2 456	PORSCHE A HLDG / +PREF	186 877	0.78%
10 383	ASTRAZENECA PLC	562 820	2.35%	1 829	PROSIEBEN SAT.1 MEDIA	59 507	0.25%
8 074	BABCOCK INTERNATIONAL GROUP	117 166	0.49%	3 149	RWE	98 768	0.41%
21 608	BAE SYSTEMS PLC	116 818	0.49%	5 248	SUEDZUCKER AG	77 408	0.32%
7 976	BG GROUP PLC	123 015	0.52%	10 564	TELEFONICA DEUTSCHLAND HOLD	63 796	0.27%
6 676	BRITISH SKY BROADCASTING GROUP	75 369	0.32%	3 274	THYSSENKRUPP AG DUESSELDORF	69 703	0.29%
24 970	BT GROUP PLC	120 026	0.50%	3 269	UNITED INTERN. & CO / NAMENSAKT	105 180	0.44%
5 584	BUNZL PLC	113 111	0.47%	965	VOLKSWAGEN AG / VORZUG.	185 087	0.78%
8 220	CAPITA	117 540	0.49%				
30 950	COBHAM PLC	120 709	0.51%	<b>Switzerland</b>		<b>2 815 291</b>	<b>11.79%</b>
9 984	COMPASS GROUP PLC	126 804	0.53%	2 065	BALOISE HOLDING / NAMEN	177 730	0.75%
4 371	CRODA INTL PLC	120 146	0.50%	117	BARRY CALLEBAUT AG / NAM.	116 117	0.49%
6 528	EASYJET PLC	111 281	0.47%	97	GIVAUDAN SA / REG.	118 158	0.50%
16 120	HAMMERSON	116 762	0.49%	31	LINDT & SPRUENGLI / PARTIZ OPR	115 251	0.48%
4 116	HARGREAVES LANSDOWN PLC	63 636	0.27%	787	LONZA GROUP AG /NOM.	62 550	0.26%
12 604	ICAP PLC	59 813	0.25%	10 869	NOVARTIS AG BASEL / NAM.	718 834	3.00%
13 280	INMARSAT PLC	123 970	0.52%	548	PARTNERS GROUP HOLDING	109 405	0.46%
4 055	INTERCONTINENTAL HOTELS	122 601	0.51%	3 040	ROCHE HOLDING AG / GENUSSSCHEIN	662 251	2.77%
31 240	INTU PROPERTIES PLC	121 567	0.51%	37	SIKA SA. BAAR	110 498	0.46%
27 400	ITV PLC	60 977	0.26%	1 096	SWISS LIFE HOLDING / NAM	189 834	0.80%
15 841	J.SAINSBURY PLC	62 415	0.26%	1 002	SWISS PRIME SITE AG / NOM.	60 657	0.25%
3 036	JOHNSON MATTHEY SHS	117 536	0.49%	2 246	SWISS RE-NAMEN	145 952	0.61%
11 072	MARKS AND SPENCER / NEW	58 793	0.25%	1 343	THE SWATCH GROUP AG / NAM.	108 952	0.46%
34 580	MELROSE INDUSTRIES PLC	112 367	0.47%	541	ZURICH INSURANCE GROUP / NAM	119 102	0.50%
11 080	NATIONAL GRID PLC	116 232	0.49%				
1 489	NEXT PLC	120 404	0.50%	<b>France</b>		<b>2 646 006</b>	<b>11.11%</b>
32 302	OLD MUTUAL PLC	79 752	0.33%	3 106	ALSTOM	82 697	0.35%
6 040	RECKITT BENCKISER GROUP PLC	384 693	1.61%	11 861	AXA	207 034	0.87%
4 958	REED ELSEVIER PLC	58 202	0.24%	1 936	BOUYGUES	58 835	0.25%
17 900	REXAM PLC	119 595	0.50%	738	CASINO GUICHARD-PERRACH	71 461	0.30%
12 261	ROYAL MAIL PLC	76 407	0.32%	11 820	CIE GEN.GEOPHYSIQUE/VERITAS	122 219	0.51%
10 540	RSA INSURANCE GROUP PLC	62 497	0.26%	4 040	CNP ASSURANCES	61 246	0.26%
22 830	SAGE GRP	109 511	0.46%	8 090	EDF	186 070	0.78%
13 432	SERCO GROUP PLC	61 311	0.26%	10 299	FRANCE TELECOM SA	118 696	0.50%
10 020	SMITH AND NEPHEW PLC	130 014	0.55%	11 780	GROUPE EUROTUNNEL REGROUPEMT	116 351	0.49%
5 869	SSE PLC	114 852	0.48%	550	ILIAD	121 412	0.51%
24 310	TUI TRAVEL PLC	120 830	0.51%	3 304	KLEPIERRE	122 958	0.52%
11 680	UNITED UTILITIES GROUP PLC	128 653	0.54%	1 333	RENAULT SA	88 018	0.37%
32 030	WM MORRISON SUPERMARKETS PLC	73 361	0.31%	7 118	SANOFI	552 214	2.30%
				2 438	SCOR SE	61 243	0.26%
<b>Germany</b>		<b>3 483 803</b>	<b>14.59%</b>	7 470	SUEZ ENVIRONNEMENT CIE	104 431	0.44%
1 563	ADIDAS AG	115 615	0.48%	2 572	THALES	113 618	0.48%
2 654	ALLIANZ SE / NAM. VINKULIERT	322 992	1.35%	12 538	VEOLIA ENVIRONNEMENT	174 466	0.73%
3 427	BAYER	353 495	1.48%	3 088	VINCI	168 605	0.71%
2 439	BEIERSDORF AG	172 364	0.72%	1 094	WENDEL	114 432	0.48%
2 216	BMW - BAYER. MOTORENWERKE	205 246	0.86%				
871	BRENTAG	113 666	0.48%	<b>Spain</b>		<b>2 200 644</b>	<b>9.22%</b>
6 372	DAIMLER AG / NAMEN-AKT.	435 845	1.82%	2 622	ACS	87 575	0.37%
4 657	DEUTSCHE LUFTHANSA / NAM.	73 022	0.31%	75 090	BANCO SANTANDER REG. SHS	572 937	2.39%
1 087	FRESENIUS SE & CO KGAA	118 374	0.50%	47 827	BCO DE SABADELL SA / NOM.	119 185	0.50%
983	HANNOVER RUECKVE./NAMEN AKT	64 691	0.27%	25 940	CAIXABANK	116 912	0.49%
1 196	HENKEL / VORZUG	100 978	0.42%	27 419	DISTRIBUIDORA INTL	184 365	0.77%
7 452	INFINEON TECHNOLOGIES / NAM.	68 029	0.29%	8 204	ENAGAS	192 794	0.81%
1 318	MAN SE	118 950	0.50%	6 997	FERROVIAL SA	113 806	0.48%
				3 137	GAS NATURAL SDG / SPLIT ISSUE	72 355	0.30%
				2 766	GRIFOLS SA -A-	110 405	0.46%
				12 305	IBERDROLA SA	68 699	0.29%
				1 100	INDITEX / REG.	123 640	0.52%
				25 917	TELEFONICA SA	324 481	1.36%
				8 730	ZARDOYA OTIS / SPLIT ISSUE	113 490	0.48%

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF EUROPE (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF EUROPE)

## SECURITIES PORTFOLIO AS AT 30 JUNE 2014 (continued)

Number/ Nominal value (in 1000)	Securities	Market value EUR	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value EUR	% of net assets
<b>Netherlands</b>				<b>Norway</b>			
11 441	AEGON NV	72 925	0.31%	29 000	NORSK HYDRO AS	113 321	0.48%
2 046	AKZO NOBEL NV (EUR 2)	112 018	0.47%	18 170	ORKLA AS A	118 192	0.50%
1 910	ASML HOLDING NV	129 899	0.54%	5 088	STATOIL ASA	114 096	0.48%
1 580	BOSKALIS WESTMINSTER	66 178	0.28%	2 019	YARA INTERNATIONAL ASA	73 849	0.31%
4 908	BRUNEL INTERNATIONAL N.V.	104 614	0.44%	<b>Denmark</b>			
1 866	CORIO NV /EUR 10	69 602	0.29%	<b>401 029</b>			
2 332	EADS. EUROPEAN AERONAUTIC DEFENCE AND SPACE COMPANY	114 128	0.48%	40	A.P. MOELLER - MAERSK A/S B	72 593	0.30%
1 209	HEINEKEN HOLDING	58 050	0.24%	1 891	COLOPLAST -B-	124 895	0.52%
22 706	KONINKLIJKE KPN / EUR 0.24	60 421	0.25%	9 126	TDC	68 978	0.29%
3 165	KONINKLIJKE VOPAK	112 990	0.47%	3 652	VESTAS WIND SYSTEMS AS / REG	134 563	0.56%
3 915	QIAGEN NV	69 296	0.29%	<b>Jersey</b>			
3 852	REED ELSEVIER NV	64 521	0.27%	<b>274 430</b>			
8 201	ROY. PHILIPS ELECTR. / EUR 0.2	190 058	0.80%	2 733	SHIRE PLC	155 978	0.65%
11 215	STMICROELECTRONICS NV	73 481	0.31%	7 445	WPP PLC SHS	118 452	0.50%
8 485	WOLTERS KLUWER NV	183 446	0.77%	<b>Portugal</b>			
<b>Sweden</b>				<b>260 263</b>			
4 267	AB INDUSTRIVAERDEN /-C-	61 535	0.26%	52 901	EDP-ENERGIAS DE PORTUGAL SA	193 829	0.81%
3 246	ASSA ABLOY AB /-B-	120 574	0.51%	24 826	PORTUGAL TELEC. SGPS NOM.	66 434	0.28%
32 385	ERICSSON TEL. B	285 701	1.20%	<b>Ireland</b>			
21 200	HUSQVARNA AB -B-	120 322	0.50%	<b>229 508</b>			
7 147	INVESTOR AB B	195 751	0.82%	2 025	KERRY GROUP A	111 071	0.47%
4 477	KINNEVIK INVESTMENTS AB -B-	139 300	0.58%	17 140	RYANAIR HOLDINGS PLC	118 437	0.50%
6 729	SANDVIK AB	67 119	0.28%	<b>Bermuda Islands</b>			
14 070	SECURITAS AB B	121 820	0.51%	<b>125 103</b>			
9 789	SVENSKA CELLUL. -B-	186 193	0.78%	4 320	SEADRILL LTD	125 103	0.52%
6 829	TELE2 AK B	58 716	0.25%	<b>Luxembourg</b>			
15 568	TELIASONERA AB	83 017	0.35%	<b>78 604</b>			
<b>Finland</b>				<b>7 258</b>			
<b>784 174</b>				<b>ARCELORMITTAL SA REG SHS</b>			
5 046	ELISA CORPORATION A	112 728	0.47%	<b>INVESTMENT FUNDS</b>			
9 986	FORTUM CORPORATION	195 825	0.82%	<b>342 417</b>			
7 901	NESTE OIL OYJ	112 589	0.47%	<b>Ireland</b>			
5 003	ORION CORP (NEW)- SHS-B-	136 232	0.57%	<b>342 417</b>			
7 897	STORA ENSO AB /-R-	56 148	0.24%	15 700	ISHARES MSCI EUROPE	342 417	1.44%
13 674	UPM-KYMMENE CORP	170 652	0.72%	<b>1.44%</b>			
<b>Belgium</b>				<b>759 422</b>			
5 811	AGEAS NV	169 303	0.71%	<b>3.19%</b>			
1 428	ANHEUSER-BUSH INBEV SA	119 809	0.50%	<b>Austria</b>			
7 543	BELGACOM SA	182 805	0.77%	<b>498 221</b>			
1 517	ETAB COLRUYT	56 281	0.24%	856	BUWOG AG	12 078	0.05%
2 902	KBC GROUPE SA	115 354	0.48%	22 137	IMMOFINANZ AG	57 113	0.24%
2 784	TELENET GROUP HOLDING	115 870	0.49%	7 581	RAIFFEISEN BANK INTL AG	176 751	0.74%
<b>Austria</b>				8 970	TELEKOM AUSTRIA AG	64 046	0.27%
<b>498 221</b>				5 416	VOESTALPINE AG	188 233	0.79%
<b>Italy</b>				<b>2.09%</b>			
30 075	ENEL GREEN POWER S.P.A.	62 195	0.26%	<b>496 606</b>			
1 970	EXOR S.P.A.	59 080	0.25%	<b>2.09%</b>			
10 145	FIAT	73 145	0.31%	<b>Italy</b>			
16 760	MEDIOBANCA BCA CREDITO FINANZ.	122 013	0.51%	30 075	ENEL GREEN POWER S.P.A.	62 195	0.26%
73 936	TELECOM ITALIA SPA	68 391	0.29%	1 970	EXOR S.P.A.	59 080	0.25%
18 280	UNICREDIT AZ	111 782	0.47%	10 145	FIAT	73 145	0.31%

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.



# **Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD**

## **(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)**

---

### **Report of the Fund Management**

#### **Investment Policy**

The aim of the Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD is to achieve long-term capital growth. To this end, the sub-fund invests actively in select equities, which are represented in the Index MSCI AC (All Country) World. Stock picking is conducted actively on the basis of a combination of two rules-based investment models. The first model is guided by patterns of equity price performances and identifies stocks that appear to be attractive on this basis. The second model attempts to identify undervalued equities on the basis of fundamental corporate data. The sub-fund is suitable for investors with a long-term orientation, who wish to participate in the performance of global markets and who have a high risk tolerance.

#### **Market and Portfolio review**

The MSCI AC World Index gained 22.9% in US dollar terms in the reporting period. European shares in general, but first and foremost equities from Spain, Italy, Greece and Denmark achieved above-average total returns, in stark contrast to emerging markets such as Chile, Indonesia, Hungary, Qatar and the United Arab Emirates. The energy, IT and healthcare sectors brought the highest returns, while consumer staples, financials and telecommunications services brought the lowest. Furthermore, small caps delivered a positive additional return relative to the benchmark index.

Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD achieved a 0.6% lower return than the benchmark index. While the sector weighting had a positive effect on the relative result, the individual stock selection tipped the total return into negative territory. The underweight in financials, raw materials, consumables and supplies and also consumer staples, as well as the overweight in healthcare, had a positive effect. The equities of Banco Santander, AstraZeneca, Mediobanca, Opap, Zhaojin Mining Industry, Edp-Energias De Portugal, Shimizu, lamgold, Yanzhou Coal Mining and Valeant Pharmaceuticals generated the highest additional returns, while Eneva, Facebook, Shimamura, Innolux, Advanced Info Service, Sharp, Mitsubishi Motor, Asos and Kintetsu, as well as the underweight in Apple, were responsible for the lowest relative returns. Based on the stock selection, the exposure to the healthcare, IT and telecommunications services sectors increased in the course of the reporting year. As a result of the changes, the portfolio now has a price/earnings ratio of 15.8 and a return on equity of 10.1%. The same indicators are 17.3 and 11.9%, respectively, for the benchmark index portfolio.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)**

**STATEMENT OF NET ASSETS**  
as at 30 June 2014

**Assets**

Investments at market value	17 087 530
(Cost: 15 242 556)	
Cash at banks	128 296
Dividends and interest	46 806
Other receivables	5 596

**Total Assets** 17 268 228

**Liabilities**

Management fees payable	6 358
"Taxe d'abonnement" payable	2 153
Other liabilities	2 120

**Total Liabilities** 10 631

**Net Assets** 17 257 597

**PROFIT AND LOSS ACCOUNT**  
from 1 July 2013 until 30 June 2014

**Income**

Income from investments	356 774
Bank interest	329
Other income	1 221
Equalisation	2 897

**Total Income** 361 221

**Expenses**

Management fees	68 374
"Taxe d'abonnement" and other taxes	7 779
Bank interest	974
Other expenses*	34 446

**Total Expenses** 111 573

**Net profit/loss** 249 648

Realised profit/loss on:

- Securities	1 358 731
- Forward foreign exchange contracts	1 142
- Foreign currencies	-10 210
Capital gains tax on realised gains/losses on securities	-5 453
Equalisation	56 562

**Net realised profit/loss** 1 650 420

Net change in unrealised appreciation/depreciation on:

- Securities	723 800
- Forward foreign exchange contracts	-3
Net variation in unrealised capital gains tax on securities	6 378

**Total profit/loss** 2 380 595

**STATEMENT OF CHANGES IN NET ASSETS**

	30 June 2013 USD	30 June 2014 USD
Net assets at the beginning of the financial year	9 511 675	12 610 991
Foreign exchange difference – sub-fund	208 468	615 584
Total profit/loss	1 359 311	2 380 595
Net subscriptions/redemptions	1 531 537	1 650 427
<b>Net assets at the end of the financial year</b>	<u>12 610 991</u>	<u>17 257 597</u>

\* See page 11

The accompanying notes form an integral part of the financial statements.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)**

COMPARATIVE STATEMENT	30 June 2012 USD	30 June 2013 USD	30 June 2014 USD
Number of shares outstanding			
Accumulation shares (Shares S-CHF)	-	-	3 473.00*
Accumulation shares (Shares S-EUR)	70 010.00	81 510.00	87 222.00
Accumulation shares (Shares S-USD)	10 010.00	10 010.00	13 022.00
<b>Net Assets</b>	<b>9 511 675</b>	<b>12 610 991</b>	<b>17 257 597</b>
NAV per share			
Accumulation shares (Shares S-CHF)	-	-	115.09*
Accumulation shares (Shares S-EUR)	96.68	108.98	126.55
Accumulation shares (Shares S-USD)	92.13	106.35	130.10

\* The share class was launched on 24 March 2014.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD

## (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)

### SECURITIES PORTFOLIO AS AT 30 JUNE 2014

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
<b>TOTAL</b>		<b>17 087 530</b>	<b>99.01%</b>	8 900	HAKUHODO DY HLD INC	88 381	0.51%
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE</b>		<b>16 995 040</b>	<b>98.47%</b>	1 200	HISAMITSU PHARMACEUTICAL CO	53 660	0.31%
<b>Equities</b>		<b>16 995 040</b>	<b>98.47%</b>	2 100	IDEMITSU KOSAN	45 626	0.26%
<b>United States</b>		<b>5 035 064</b>	<b>29.17%</b>	1 100	JAPAN AIR LINES CO. JPY50	60 806	0.35%
1 600	AIG	87 328	0.51%	4 400	JFE HOLDINGS INC	90 819	0.53%
1 400	ALLIANT ENERGY CORP	85 204	0.49%	23 000	KAJIMA CORP.	101 713	0.59%
2 400	AMERICAN CAPITAL AGENCY CORP	56 184	0.33%	5 000	KYOWA HAKKO KIRIN CO LTD	67 667	0.39%
3 600	AMGEN INC.	426 133	2.46%	19 000	MAZDA MOTOR CORP	89 087	0.52%
4 600	ANNALY CAPITAL MANAGEMENT INC	52 578	0.30%	3 500	MEDIPAL HOLDINGS CORP	49 613	0.29%
600	BERKSHIRE HATHAWAY -B-	75 936	0.44%	4 800	MITSUBISHI MOTOR CORP.	52 973	0.31%
270	BIOGEN IDEC INC	85 134	0.49%	3 600	MITSUBISHI TANABE PHARMA CORP	53 908	0.31%
5 300	CHESAPEAKE ENERGY	164 724	0.95%	21 000	MITSUMI O.S.K. LINES LTD TOKYO	78 150	0.45%
1 400	CINTAS	88 956	0.52%	2 400	MS&AD INSURANCE GROUP HOLDINGS	57 971	0.34%
1 900	CIT GROUP INC	86 944	0.50%	14 000	OBAYASHI CORP.	99 916	0.58%
1 900	COACH INC	64 961	0.38%	1 700	OTSUKA HOLDINGS CO LTD	52 692	0.31%
1 700	CREE INC	84 915	0.49%	14 000	SHIMIZU CORP	99 087	0.57%
1 200	DOMINION RESOURCES INC	85 824	0.50%	2 500	SHIONOGI & CO LTD	52 169	0.30%
1 100	DTE ENERGY COMPANY	85 657	0.50%	3 900	SUMITOMO RUBBER IND.	56 283	0.33%
1 200	EQUIFAX INC	87 048	0.50%	18 000	TAISEI CORP.	99 679	0.58%
2 200	EXELON CORP	80 256	0.47%	600	TAISHO PHARMACEUTICAL HOLDINGS	43 769	0.25%
5 200	FACEBOOK INC -A-	349 908	2.03%	1 800	TAKEDA PHARMACEUTICAL CO LTD	83 492	0.48%
1 400	FAMILY DOLLAR STORES INC.	92 596	0.54%	8 000	TOPPAN PRINTING CO. LTD	61 912	0.36%
14 100	FRONTIER COMMUNICATIONS CO	82 344	0.48%	2 100	TSUMURA & CO	49 523	0.29%
500	HARRIS CORP.	37 875	0.22%	1 400	UNICHARM CORP	83 429	0.48%
8 500	HUDSON CITY BANCORP INC	83 555	0.48%	16 900	YAHOO JAPAN CORP TOKYO	78 073	0.45%
550	ILLUMINA INC	98 197	0.57%	1 700	YAKULT HONSHA	86 087	0.50%
1 500	JPMORGAN CHASE & CO	86 430	0.50%	<b>Republic of Korea</b>		<b>982 339</b>	<b>5.69%</b>
3 100	KBR INC	73 935	0.43%	111	AMORE G	81 922	0.47%
1 700	KROGER CO.	84 031	0.49%	1 820	GS HOLDINGS CORP	81 097	0.47%
400	LIBERTY SPINCO INC -A-	54 672	0.32%	234	HYUNDAI MOTOR CO LTD	53 059	0.31%
4 200	LILLY (ELI) & CO	261 114	1.51%	1 480	KOREAN AIR	48 839	0.28%
1 700	MARSH & MC-LENNAN COS INC	88 094	0.51%	3 600	KT CORPORATION / SADR	54 504	0.32%
1 000	MCGRAW HILL COMPANIES INC	83 030	0.48%	307	SAMSUNG ELECTRONICS CO LTD	400 985	2.32%
200	NETFLIX INC	88 120	0.51%	227	SK HOLDINGS CO LTD	40 930	0.24%
1 100	NIKE INC B	85 305	0.49%	729	SK INNOVATION CO LTD	81 388	0.47%
1 400	PETSMART	83 720	0.49%	1 561	S-OIL CORP	87 755	0.51%
5 400	PFIZER INC.	160 272	0.93%	290	YUHAN CORP	51 860	0.30%
70	PRICELINE COM INC	84 210	0.49%	<b>China</b>		<b>953 830</b>	<b>5.52%</b>
2 100	PUBL.SERV. ENTERPRISE	85 659	0.50%	365 000	BANK OF CHINA LTD -H-	163 418	0.95%
2 300	REALOGY HOLDINGS CORP SHS	86 733	0.50%	194 000	CHINA PETROLEUM & CHEM CORP H	184 979	1.07%
800	SBA COMMUNICATIONS CORP.	81 840	0.47%	42 000	CNA INT MAR -H-	80 961	0.47%
3 300	STARBUCKS CORP.	255 354	1.48%	140 000	DATANG INT. POWER GENERATION -H-	54 733	0.32%
800	THE HERSHEY CO	77 896	0.45%	40 400	GUANGZHOU R&F PROP. -H- / NEW	49 885	0.29%
400	THERMO FISHER SCIENTIFIC INC	47 200	0.27%	290 000	IND & COM BOC -H-	183 346	1.06%
2 400	TOTAL SYSTEM SERVICES INC	75 384	0.44%	62 000	PICC PROPERTY & CASUALTY -H-	93 915	0.54%
900	TRAVELERS COMPANIES INC	84 663	0.49%	46 000	SHANGHAI PHARMACEUTICALS-H-	95 675	0.55%
800	VALERO ENER. CORP	40 080	0.23%	51 000	TRAVELSKY TECHNOLOGY LTD -H-	46 918	0.27%
1 100	WAL-MART STORES INC	82 577	0.48%	<b>Spain</b>		<b>773 933</b>	<b>4.48%</b>
800	WELLPOINT INC	86 088	0.50%	3 603	ABERTIS INFRAESTRUCTURAS SA	82 900	0.48%
5 200	WELLS FARGO & CO	273 312	1.58%	1 400	ACS	64 021	0.37%
800	ZIMMER HOLDINGS INC	83 088	0.48%	38 128	BANCO SANTANDER REG. SHS	398 309	2.31%
<b>Japan</b>		<b>2 324 353</b>	<b>13.46%</b>	48	CAIXABANK	296	0.00%
900	ALFRESA HLD CORP TOKYO	58 013	0.34%	6 084	DISTRIBUIDORA INTL	56 010	0.32%
4 000	DAI NIPPON PRINTING CO.LTD	41 775	0.24%	1 505	GRIFOLS SA -A-	82 248	0.48%
3 100	DAIICHI SANKYO CO LTD	57 835	0.34%	5 259	TELEFONICA SA	90 149	0.52%
7 400	DAINIPPON SUMITOMO PHARMA CO	85 099	0.49%				
6 300	DENA CO LTD TOKYO	85 198	0.49%				
1 400	DON QUIJOTE CO LTD	78 081	0.45%				
1 900	FAMILYMART CO LTD	81 867	0.47%				

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

# Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD

## (until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)

### SECURITIES PORTFOLIO AS AT 30 JUNE 2014 (continued)

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets	Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
<b>United Kingdom</b>				<b>Australia</b>			
1 508	ASOS PLC	76 322	0.44%	14 480	INSURANCE AUSTRALIA GROUP LTD	79 815	0.46%
5 088	ASTRAZENECA PLC	377 611	2.19%	52 914	QANTAS AIRWAYS LTD	62 928	0.36%
2 038	ROYAL DUTCH SHELL PLC / -A-	84 277	0.49%	5 145	SEEK LTD	76 969	0.45%
5 278	ROYAL MAIL PLC	45 033	0.26%	21 320	SYDNEY AIRPORT-STAPLED SECURITY	84 919	0.49%
<b>Cayman Islands</b>				<b>Russia</b>			
164 000	AGILE PROPERTY HOLDINGS LTD	115 535	0.67%	32 202	GAZPR SPONS. ADR REPR 2 SHS	279 716	1.62%
45 500	GREENTOWN CHINA HOLDINGS LTD	45 439	0.26%	<b>Israel</b>			
800	HERBALIFE LTD	51 632	0.30%	25 573	BEZEQ ISRAEL TELECOMM.CORP LTD	47 957	0.28%
12 800	MGM CHINA	44 426	0.26%	3 912	TEVA PHARMACEUTICAL INDUSTR.	206 966	1.20%
537 000	SEMICONDUCT.MANUFACT.INTL CORP	46 422	0.27%	<b>Sweden</b>			
70 000	SOHO CHINA LTD	55 184	0.32%	6 188	ERICSSON TEL. B	74 743	0.43%
10 000	TPK HOLDINGS CO	99 806	0.58%	10 460	HUSQVARNA AB -B-	81 282	0.47%
27 000	ZHEN DING TECH HLDG/REG SH	88 891	0.52%	7 095	SECURITAS AB B	84 106	0.49%
<b>Germany</b>				<b>France</b>			
1 298	AXEL SPRINGER AG / NAM.VINK	79 883	0.46%	1 158	BOUYGUES	48 183	0.28%
1 646	DEUTSCHE LUFTHANSA / NAM.	35 337	0.20%	452	CASINO GUICHARD-PERRACH	59 924	0.35%
542	FRESENIUS SE & CO KGAA	80 812	0.47%	3 543	FRANCE TELECOM SA	55 907	0.32%
440	HENKEL AG & CO. KGAA	44 278	0.26%	2 071	LAGARDERE SCA / NOM.	67 443	0.39%
565	HUGO BOSS	84 435	0.49%	<b>Italy</b>			
1 521	PORSCHE A HLDG / +PREF	158 456	0.92%	4 753	FIAT	46 920	0.27%
<b>Taiwan</b>				8 484	MEDIOBANCA BCA CREDITO FINANZ.	84 564	0.49%
4 000	ASUSTEK COMPUTER INC	44 611	0.26%	46 127	TELECOM ITALIA SPA	58 418	0.34%
75 000	FORMOSA TAFFETA CO LTD	82 893	0.48%	<b>Canada</b>			
25 000	HIGHWEALTH CONSTRUCTION CORP	55 932	0.32%	10 400	BLACKBERRY LTD	106 817	0.62%
1 000	LARGAN PRECISION CO LTD	79 711	0.46%	600	VALEANT PHARMACEUTICALS INTL	76 012	0.44%
30 000	RUNTEX DEVELOPMENT CO LTD	54 358	0.31%	<b>Poland</b>			
58 000	UNIMICRON TECHNOLOGY CORP	56 139	0.33%	27 720	BANK MILLENNIUM SA	70 927	0.41%
122 000	UNITED MICROELECTRONIC CORP	61 086	0.35%	10 742	ENEA	55 891	0.32%
<b>Brazil</b>				32 050	TAURON POLSKA ENERGIA SA	54 565	0.32%
6 500	BANCO DO BRASIL SA	73 284	0.42%	<b>Switzerland</b>			
10 900	BANRISUL PNB -B-/PREF	53 162	0.31%	498	LONZA GROUP AG /NOM.	54 191	0.31%
9 299	CIA ENERGET. MIN. GERAIS / PRIV.	68 094	0.39%	278	ROCHE HOLDING AG / GENUSSSCHEIN	82 917	0.48%
4 408	CIELO	90 996	0.53%	441	SWISS RE-NAMEN	39 236	0.23%
4 800	COPEL.CIA PARAN.EN.PREF. B	73 783	0.43%	<b>South Africa</b>			
5 300	TAESA (1 SH +2 PFD SH)	47 852	0.28%	676	NASPERS LTD N	79 554	0.46%
<b>Malaysia</b>				16 710	STEINHOFF INTL HLD LTD	93 062	0.54%
40 400	AXIATA GRP	87 695	0.51%	<b>Netherlands</b>			
28 200	MALAYAN BANKING BERHAD	86 330	0.50%	8 473	AEGON NV	73 944	0.43%
10 900	PETRONAS DAGANGAN BHD	81 606	0.47%	1 463	BOSKALIS WESTMINSTER	83 898	0.49%
22 800	TENAGA NASIONAL	86 485	0.50%	<b>Belgium</b>			
<b>Ireland</b>				2 481	BELGACOM SA	82 323	0.48%
1 083	KERRY GROUP A	81 331	0.47%	1 326	KBC GROUPE SA	72 166	0.42%
2 400	SEAGATE TECHNOLOGIE PLC	136 368	0.79%	<b>Portugal</b>			
3 900	WEATHERFORD INTERNATIONAL LTD	89 700	0.52%	17 910	EDP-ENERGIAS DE PORTUGAL SA	89 847	0.52%
<b>Hong Kong</b>				11 545	PORTUGAL TELECOM. SGPS NOM.	42 299	0.25%
35 000	CHINA EVERBRIGHT INTL LTD	50 036	0.29%	<b>Greece</b>			
145 000	CITIC TELECOM INTL HOLDING LTD	54 630	0.32%	5 117	OPAP	91 077	0.53%
48 000	CSPC PHARMACEUT --- SHS	38 336	0.22%				
12 000	HUTCHISON WHAMP / HK0.25	164 121	0.95%				

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

**Julius Baer Special Funds - SMART EQUITY UCITS ETF WORLD**  
**(until 14 March 2014: Julius Baer Special Funds - JULIUS BAER SMART EQUITY ETF WORLD)**

**SECURITIES PORTFOLIO AS AT 30 JUNE 2014 (continued)**

Number/ Nominal value (in 1000)	Securities	Market value USD	% of net assets
<b>Chile</b>		<b>85 577</b>	<b>0.50%</b>
1 300 000	BSANTANDER	85 577	0.50%
<b>Colombia</b>		<b>80 563</b>	<b>0.47%</b>
48 850	ISAGEN	80 563	0.47%
<b>Finland</b>		<b>80 443</b>	<b>0.47%</b>
2 630	ELISA CORPORATION A	80 443	0.47%
<b>Philippines</b>		<b>77 292</b>	<b>0.45%</b>
673 400	METRO PACIFIC INVESTMENTS CORP	77 292	0.45%
<b>Luxembourg</b>		<b>74 361</b>	<b>0.43%</b>
6 771	KERNEL HOLDING SA	74 361	0.43%
<b>India</b>		<b>64 870</b>	<b>0.38%</b>
1 300	ICICI BK / SADR	64 870	0.38%
<b>Hungary</b>		<b>64 737</b>	<b>0.38%</b>
3 372	RICHTER GEDEON	64 737	0.38%
<b>Turkey</b>		<b>64 625</b>	<b>0.37%</b>
51 513	EMLAK KONUT GAYR. REIT/IPO	64 625	0.37%
<b>Mexico</b>		<b>62 844</b>	<b>0.36%</b>
23 700	GRUPO FINANC -B-	62 844	0.36%
<b>Singapore</b>		<b>56 937</b>	<b>0.33%</b>
21 000	KEPPEL LAND LTD	56 937	0.33%
<b>British, Virgin Islands</b>		<b>51 468</b>	<b>0.30%</b>
101 500	SINO - OCEAN LAND HOLDINGS LTD	51 468	0.30%
<b>TRANSFERABLE SECURITIES LISTED ON ANOTHER REGULATED MARKET</b>		<b>92 490</b>	<b>0.54%</b>
<b>Equities</b>		<b>92 490</b>	<b>0.54%</b>
<b>Russia</b>		<b>92 490</b>	<b>0.54%</b>
36 490	ROSTELEKOM	92 490	0.54%

The statement of changes in investments is available free of charge from the national paying agents and the representative in Switzerland.

Any inconsistencies in the net assets percentages are the result of rounding differences.

## Addresses

---

### Registered office of the Company

Julius Baer Special Funds  
25, Grand-Rue  
L - 1661 Luxembourg

### Management Company

Swiss & Global Asset Management (Luxembourg) S.A.  
25, Grand-Rue  
L - 1661 Luxembourg  
Tel. (+352) 26 48 44 1  
Fax (+352) 26 48 44 44

### Representative in Switzerland

Swiss & Global Asset Management AG  
Hardstraße 201  
P.O. Box  
CH - 8037 Zurich  
Tel. (+41) (0) 58 426 60 60  
Fax (+41) (0) 58 426 61 00

### Custodian, Administrator, Principal Paying Agent, Registrar and Transfer Agent

RBC Investor Services Bank S.A.  
14, Porte de France  
L - 4360 Esch-sur-Alzette  
Tel. (+352) 26 05 1  
Fax (+352) 24 60 95 00

### Auditor

PricewaterhouseCoopers, Société coopérative  
400, Route d'Esch  
L - 1471 Luxembourg  
Tel. (+352) 49 48 48 1  
Fax (+352) 49 48 48 29 00

### Legal Adviser

Linklaters LLP  
35, Avenue John F. Kennedy  
L - 1855 Luxembourg  
Tel. (+352) 26 08 1  
Fax (+352) 26 08 88 88