

# BBGI OPP2 COMPLIANT INDICES CHF

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August 2021

## In August, the international equities took the lead.

### POSITIVE PERFORMANCE FOR ALL BBGI OPP2 INDICES IN AUGUST

BBGI OPP2 Compliant Index « low risk »	+0.47%	(YTD +5.88%)
BBGI OPP2 Compliant Index « moderate risk »	+0.83%	(YTD +8.94%)
BBGI OPP2 Compliant Index « dynamic risk »	+1.20%	(YTD +12.07%)

### Comments (performances in Swiss Francs)

The three BBGI OPP2 Compliant indices continue their positive track record from the beginning of the year. The low-risk category is up +0.47% this month. The moderate risk strategy did slightly better and climbed +0.83% while the dynamic risk index gained +1.20% and posted the best performance. The three strategies have achieved gains of between +5.88% and +12.07% since the beginning of the year. Bond markets settle on both sides of the zero-performance line. The Swiss market turned negative in August (-0.24%) and reversed its slight upward move of the last two months. The international segment made the opposite direction and went back into the black this month (+0.60%). The real estate markets appear mixed in August. The Swiss segment went into the red (-0.92%) and ended up reversing its positive trajectory of the last few months after losing momentum during the last couple of months. As for the international market segment, it regained interest among investors and climbed by +2.69%. Equity markets performed successfully in August. The domestic segment continued its upward trend this month and gained ground (+2.37%). The international class did even better by jumping +3.59% and erased the loss of last month's brief dry spell (-1.40%). The commodities segment went into negative territory (-0.37%) and reversed its upward trend of the last few months, mainly due to the pressure of the fall in oil prices at the beginning of the month. The private equity segment continued its stratospheric rise of the first half of the year and advanced by +2.09%. Hedge funds are back in the black after a slight slump but are still in a horizontal channel (+0.60%).

### Financial market developments (performances in local currencies)

Monthly inflation statistics eased in August from +0.9% to +0.5%, but remains at a record level over one year (+5.4%). This slight decline could however be sufficient to reinforce the Federal Reserve's strategy of changing its monetary policy only very gradually and cautiously so as not to risk surprising the financial markets unfavorably in the coming months. However, it is likely that improving economic conditions and an unemployment rate reaching the 5% or better by the end of the year will eventually justify a reduction in liquidity injections and asset purchases by the Fed. We will have to wait a few more weeks before we can measure the effects of the next "tapering", which could logically begin this December 2021. The financial markets have not yet really reacted to this eventuality, which they still consider to be remote, but the month of August could nevertheless be the month of the beginning of a readjustment of the outlook and risks. In the capital markets, the decline in long-term yields is easing after four uncertain months linked to the emergence of new Covid-19 variants. The decline in 10-year US Treasury yields from 1.75% (March) to 1.12% in August thus appears perhaps more clearly excessive in the current economic and inflationary context than before. Yields have adjusted very slightly in recent weeks in a global pattern suggesting again a possible reversal of the trend and further pressures to come. On the equity markets, confidence still seems to be the order of the day, despite quantitative and technical indicators pointing to a possible change in momentum. Optimism also persists in the international real estate markets (+2.69%), while Swiss real estate funds declined slightly (-0.92%) due to historically high market premiums. Commodities (-0.37%) bend under the weight of the fall in crude oil prices (-4.1%), but remain globally pretty stable.

### PERFORMANCE OF ASSETS CLASSES

#### AUGUST

+ 3.59%	International Equities
+ 2.69%	International Real Estate
+ 2.37%	Swiss Equities
+ 2.09%	Private Equity
+ 0.60%	International Fixed Income
+ 0.60%	Hedge Funds
- 0.24%	Swiss Fixed Income
- 0.37%	Commodities
- 0.92%	Swiss Real Estate

#### YTD

+ 43.69%	Private Equity
+ 22.70%	International Real Estate
+ 22.23%	Commodities
+ 19.93%	International Equities
+ 19.66%	Swiss Equities
+ 6.74%	Swiss Real Estate
+ 3.26%	Hedge Funds
+ 0.97%	International Fixed Income
- 0.40%	Swiss Fixed Income

## COMMENTS BY ASSET CLASS

### Bonds

Most bond markets recorded slightly negative returns. Most 10-year yields rose by about 10 to 20 basis points in an environment characterized by logical profit taking after a few months of price increases. Uncertainties related to the emergence of new Covid-19 variants are still present, although concrete signs of slowing down are still emerging. We still believe that the risks of further lockdowns and the perspectives of lower inflation are overestimated. Our months of decline, but a change in risk perception and trend will certainly only occur when the Fed clarifies its tapering intentions.

### Equities

Equity markets remain relatively calm and still benefit from the abundant liquidity provided by central banks. The outlook for corporate earnings growth is not yet affected by the risks of declining margins and historically high valuation levels are still not a source of concern. Technical and quantitative factors, however, already suggest that there are risks of momentum losses in a near future. The fear of not participating in the uptrend in a near-zero short-term rate environment (FOMO) continues to be a supporting factor on a temporary basis.

### Commodities

After losing momentum during the last period, the asset class moved into negative territory in August and lost -0.37%. The sector is under pressure this month due to the fall in crude oil prices. The recent rally in the sector has been hampered by the growing number of cases of variant Delta infections, which is challenging some of the economic recovery plans and directly impacting some of the largest consumers of oil, inevitably putting pressure on demand and crude oil prices.

### Private Equity

The sector continues its relentless ascent and has gained an impressive 2.09% in August. Risky assets remain attractive to investors in a near-zero interest rate environment. Even though stock market valuations are very high, we can detect a very low risk aversion on the part of the market, so the segment totals a gain of +43.69% in 2021.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	June 2021	July 2021	August 2021	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2020	Annualized perf 1984 to date**
BBGI OPP2 Compliant "Low Risk"	2.26%	0.71%	0.47%	5.88%	1.82%	4.64%			2.63%	5.39%
BBGI OPP2 Compliant "Medium Risk"	2.69%	0.74%	0.83%	8.94%	3.11%	7.25%			3.03%	5.74%
BBGI OPP2 Compliant "Dynamic Risk"	3.11%	0.76%	1.20%	12.07%	4.40%	9.90%			3.37%	6.05%
Swiss Bonds	0.37%	1.10%	-0.24%	-0.40%	-1.20%	-1.25%			2.92%	3.92%
International Bonds	2.00%	-0.76%	0.60%	0.97%	1.84%	1.15%			5.85%	3.78%
Swiss Real Estate	5.73%	0.94%	-0.92%	6.74%	0.43%	6.73%			20.68%	6.72%
International Real Estate	3.33%	0.43%	2.69%	22.70%	12.48%	18.97%			20.46%	5.43%
Swiss Stocks	4.62%	1.51%	2.37%	19.66%	5.16%	15.15%			30.59%	9.12%
International stocks	4.33%	-1.40%	3.59%	19.93%	11.29%	17.42%			24.48%	6.74%
Commodities *	1.77%	1.76%	-0.37%	22.23%	6.65%	20.56%			4.19%	-1.89%
Private Equity *	1.88%	7.43%	2.09%	43.69%	12.52%	31.01%			38.24%	19.25%
Hedge Funds *	0.31%	-0.51%	0.60%	3.26%	1.01%	3.17%			3.13%	0.97%
* hedged in Swiss Francs										
Forex										
USD/CHF	2.90%	-2.06%	1.02%	3.38%	6.60%	4.50%			-8.42%	-2.81%
EUR/CHF	-0.20%	-2.02%	0.56%	-0.04%	2.38%	1.45%			-0.40%	-1.80%

\*\*Annualized data for international bonds, commodities, private equity and alternative investments are calculated from their introduction on January 1, 2009. International real estate was introduced in November 1989. The annualized performance of the EUR/CHF exchange rate has been calculated since December 1999.

Sources : Bloomberg/BBGI



The systematic diversified strategies of the BBGI OPP2 COMPLIANT Index have generated annualized returns of +5.39% to +6.05% since 1984 to date.

The composition of our indices is available upon request