

BBGI OPP2 COMPLIANT INDICES

CHF

A BBGI exclusivity since 1999

July 2021

Risky assets drove the value of the index up in July

ALL BBGI OPP2 COMPLIANT INDICES PERFORMED POSITIVELY IN JULY

BBGI OPP2 Compliant Index « low-risk »	+0.71%	(YTD +5.39%)
BBGI OPP2 Compliant Index « moderate risk »	+0.74%	(YTD +8.04%)
BBGI OPP2 Compliant Index « dynamic risk »	+0.76%	(YTD +10.74%)

Comments (performances in Swiss Francs)

The BBGI OPP2 Compliant indices are delivering similar performances and pursuing their trend despite the different risk levels. The low-risk index recorded +0.71%, the moderate risk strategy performed slightly better and rose by +0.74%. The dynamic risk index did even better and increased by +0.76%. Swiss & International bond markets are on both sides of the neutral performance spectrum. As a matter of fact, the domestic segment gained ground and progressed by +1.10% while its international equivalent fell back into negative territory this month and lost -0.76%. The real estate sector continues its upward trend, although it is displaying a clear loss of momentum. The international segment performed modestly by +0.43%, while the Swiss market gained +0.94%. Equity markets also seemed to be somewhat mitigated during the month of July. The Swiss stock market recorded another gain (+1.76%) after very good performances in May and June (+3.45% and +4.62%). The international market was in negative territory this month and declined by -1.40%. Commodities posted a positive return of +1.76%, similar to last month's +1.77%, boosted by the rise in gold prices at the end of the month. The private equity sector was the best performer of the month across all asset classes, jumping by +7.43%. The segment is also still largely at the top of the "Year to Date" gains, with a total increase of +40.75% in 2021. As for hedge funds, they fell just below the neutral performance level and dropped marginally by -0.51%.

Financial market developments (performances in local currencies, USD)

The record level of inflation over one year (+5.4%) published in July in the United States was still largely perceived as being temporary by the majority of economic players, who remain convinced by the Fed's analysis and its reassuring outlook, allowing them to "bet" on maintaining an accommodating monetary policy in the medium term. The GDP price index increased in the second quarter by +6% and was accompanied by a +6.5% annualized growth in the US economy, driven by a consistent recovery in household consumption (+11.8%). The expanded recovery of the economy has naturally stimulated an acceleration in the demand for services in particular, resulting in the strongest growth since 1952. The performance of the economy would have been more significant if bottlenecks in the value chains had not penalized production. The inventory factor was therefore negative as a result of the economy's inability to adjust its production to demand. This situation may be temporary, as the Federal Reserve hopes, and is still convinced of the positive effects of a flat Phillips curve. Having said that, they believe that the very gradual return of the unemployed would then have a positive impact on the next evolution of inflation. However, growth is stronger than it appears and is also supported by the reinvestment of the savings accumulated by households in 2020. The significant improvement in employment in July, which caused the unemployment rate to fall to 5.4%, should continue in our opinion and put the Fed's conviction into perspective. In this context, the arrival of the new Covid-19 variants is causing the bond markets to fear new risks of cyclical downturns. Interest rates are therefore adjusting downward and slipping by another 20-30 basis points. On the equity markets, this translates into a general loss of momentum and reduced gains of +1.5% in Switzerland and +1.79% internationally. Similar results for Swiss (+0.94%) and international (+2.56%) real estate, as well as for commodities (+1.57%).

PERFORMANCE OF ASSETS CLASSES

July

+ 7.43%	Private Equity
+ 1.76%	Commodities
+ 1.51%	Swiss Equities
+ 1.10%	Swiss Fixed Income
+ 0.94%	Swiss Real Estate
+ 0.43%	International Real Estate
- 0.51%	Hedge Funds
- 0.76%	International Fixed Income
- 1.40%	International Equities

YTD

+ 40.75%	Private Equity
+ 22.68%	Commodities
+ 19.48%	International Real Estate
+ 16.88%	Swiss Equities
+ 15.77%	International Equities
+ 7.73%	Swiss Real Estate
+ 2.64%	Hedge Funds
+ 0.38%	International Fixed Income
- 0.16%	Swiss Fixed Income

COMMENTS BY ASSET CLASS

Fixed Incomes

Correlation in the fixed income markets remained high in July. The majority of ten-year government yields slipped by 30 bps as new Covid-19 variants started to appear. The population of developed countries having received at least one dose of vaccine could, however, reach 80% by the 4th quarter, so the risks of new "lock-downs" are certainly overestimated. The central banks' statements on inflation have been convincing so far. However, if above-average rates persist over the next few months, this will not be without risks for the outcome of expectations. A change in risk perception could occur when the Fed starts talking about tapering again. Long-term interest rates should then adjust to growth and exceed 2% in the United States, Australia, Canada and China

Equities

However, equity markets remain optimistic and are still being supported by the injected liquidity and the outlook for corporate earnings growth. The risks of higher taxes, lower margins and profits, and PE adjustments are still not a concern for investors for the time being. Technical, quantitative and valuation factors are also at their extreme levels. The fear of not participating in the trend (FOMO) still remains a serious temporary support factor.

Commodities

After another positive performance, albeit relatively weak, the commodities sector continues its bullish trend. The price of gold also gained traction this month and climbed by +2.49% while the price of crude oil remained stable (+0.65%) after a few months of sustained growth.

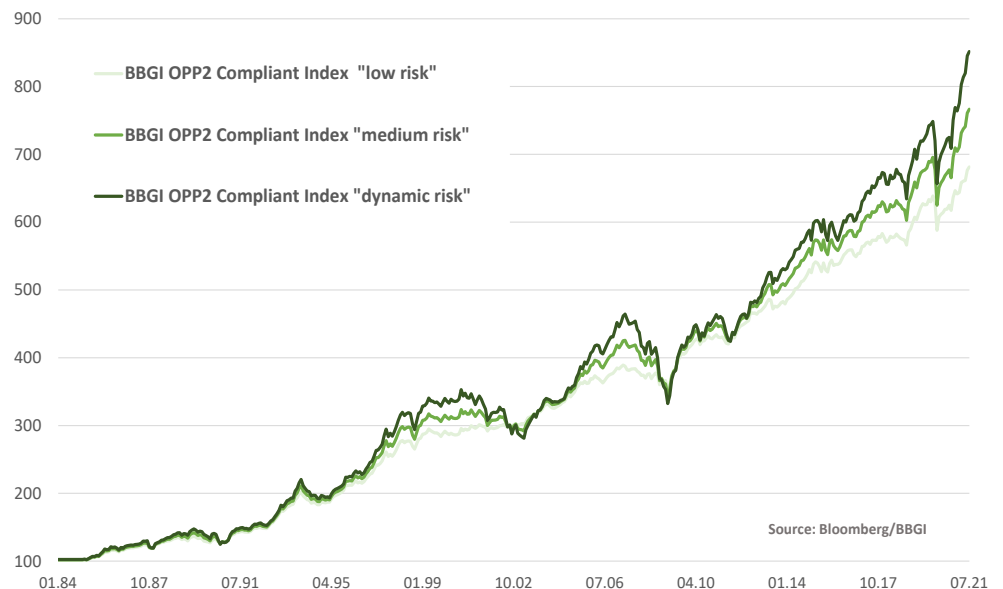
Private Equity

After a slight increase last month, the private equity sector gained a spectacular +7.43%. In a climate of ever-increasing stock market valuations, the threat of the pandemic is still casting a shadow over the financial markets. The number of infections in the United States has again reached the same level as last summer (108'500 per day) while the vaccination campaign is now starting to lose steam. In this context, investors still seem to not be concerned about the possible repercussions of a resumption of the pandemic at the end of the summer, and were massively attracted to risky assets in July to the disadvantage of the other asset classes.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	May	June	July	Year	1st	2nd	3rd	4th	2020	Annualized perf
	2021	2021	2021	to date	Quarter	Quarter	Quarter	Quarter		fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.16%	2.26%	0.71%	5.39%	1.82%	4.64%			2.63%	5.39%
BBGI OPP2 Compliant "Medium Risk"	0.46%	2.69%	0.74%	8.04%	3.11%	7.25%			3.03%	5.72%
BBGI OPP2 Compliant "Dynamic Risk"	0.76%	3.11%	0.76%	10.74%	4.40%	9.90%			3.37%	6.03%
Swiss Bonds	-0.25%	0.37%	1.10%	-0.16%	-1.20%	-1.25%			2.92%	3.93%
International Bonds	-0.63%	2.00%	-0.76%	0.38%	1.84%	1.15%			5.85%	3.79%
Swiss Real Estate	-0.43%	5.73%	0.94%	7.73%	0.43%	6.73%			20.68%	6.76%
International Real Estate	0.13%	3.33%	0.43%	19.48%	12.48%	18.97%			20.46%	5.34%
Swiss Stocks	3.45%	4.62%	1.51%	16.88%	5.16%	15.15%			30.59%	9.07%
International stocks	-0.01%	4.33%	-1.40%	15.77%	11.29%	17.42%			24.48%	6.66%
Commodities *	2.65%	1.77%	1.76%	22.68%	6.65%	20.56%			4.19%	-1.86%
Private Equity *	3.20%	1.88%	7.43%	40.75%	12.52%	31.01%			38.24%	19.05%
Hedge Funds *	0.30%	0.31%	-0.51%	2.64%	1.01%	3.17%			3.13%	0.92%
* hedged in Swiss Francs										
Forex										
USD/CHF	-1.56%	2.90%	-2.06%	2.34%	6.60%	4.50%			-8.42%	-2.84%
EUR/CHF	0.11%	-0.20%	-2.02%	-0.60%	2.38%	1.45%			-0.40%	-1.83%

**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 BBGI OPP2 COMPLIANT Index systematic diversified strategies have generated returns from +5.39% to +6.03% on an annualized basis since 1984 to date.

The composition of our indices is available upon request