

BBGI OPP2 COMPLIANT INDICES

CHF

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June 2021

Swiss Real estate and Stock Market are in the spotlight

ALL BBGI OPP2 COMPLIANT INDICES ARE POSITIVE IN JUNE

BBGI OPP2 Compliant – « Low Risk »	+2.26%	(YTD +4.64%)
BBGI OPP2 Compliant – « Medium Risk »	+2.69%	(YTD +7.25%)
BBGI OPP2 Compliant – « Dynamic Risk »	+3.11%	(YTD +9.90%)

Comments (performances in Swiss francs)

The BBGI OPP2 Compliant indices continue their positive trend and gain momentum in June. As a matter of fact, the low-risk index gained +2.26% this month. The moderate risk strategy did slightly better and advanced by +2.69%. The dynamic risk index gains the most and climbs by +3.11%. After two consecutive months of decline, the bond markets are back in the black. The international sector performed best, gaining +2.00%, while the domestic sector was also in positive territory, although slightly behind with only +0.37%. Equity markets are both in the green this month. The international class has come back from its brief spell in negative territory last month (-0.01%) and gained +4.33% in June. The domestic segment did even better than its counterpart and gained further momentum compared to May (+3.45%) by climbing +4.62%. The real estate market is also on an ascending path. The domestic segment achieved its best performance since December 2020, jumping +5.73% and topping the table in June, while the international segment was equally strong, gaining slightly less with +3.33%. The commodities segment continued its upward trend and advanced by +1.77% mainly driven by the rise in crude oil prices which reached highs equal to the 2019 peak of \$74.00 per barrel. Private equities are still attracting investors and progressed by +1.88% in June. Hedge funds remained slightly above neutral and gained only +0.31%.

Financial market developments (performance in local currencies, USD)

We see little change in the general perception of risk as we enter the second half of 2021, while the economic outlook for the next six months still looks strong. The flow of economic data is expected to remain relatively positive in most of the major economies, whose momentum will be supported in particular by a normalization of health conditions and the progress of the COVID19 vaccination campaigns. The summer is therefore shaping up to become a very hot one for the world economy, which will see the increasing convergence of national growth cycles, at the risk of causing new pricing tensions. The recovery in global consumption and demand for goods and services, supported by the investments of household savings which were temporarily inflated by the health crisis, should also revive the risks of higher prices for imported products and various inflation policies. The +5% rise in US annual CPI in May is still seen as a temporary phenomenon as suggested and especially hoped for by the Federal Reserve, but we believe that the risks of more persistent inflation are to be taken into consideration and may be supported by severe supply chain disruptions and labor market strains that can go well beyond simple statistical base effects. A steepening of the yield curve would then be a logical consequence of these developments, especially if the Fed decides to announce an upcoming "tapering". In this context, the current calm in the interest rate markets seems to us to be a sign that volatility in the financial markets is about to pick up. The +1.49% rise in international equity markets suggests a loss of momentum. Swiss assets fared well in June thanks to the +4.62% rise in equities and +5.73% in real estate. Commodities (+4.29%) benefited from the rise in crude oil (+9.63%), while gold was affected by the re-evaluation of the dollar before resuming an ascending trend.

PERFORMANCE FIGURES BY ASSET CLASSES

June

+ 5.73%	Swiss Real Estate
+ 4.62%	Swiss Equities
+ 4.33%	International Equities
+ 3.33%	International Real Estate
+ 2.00%	International Bonds
+ 1.88%	Private Equity
+ 1.77%	Commodities
+ 0.37%	Swiss Bonds
+ 0.31%	Hedge Funds

YTD

+ 31.01%	Private Equity
+ 20.56%	Commodities
+ 18.97%	International Real Estate
+ 17.42%	International Equities
+ 15.15%	Swiss Equities
+ 3.17%	Hedge Funds
+ 0.95%	Swiss Real Estate
+ 1.15%	International Bonds
- 1.25%	Swiss Bonds

COMMENTS BY ASSET CLASS

Bonds

Correlation in the fixed income markets remained high as the unfolding convergence of economic cycles is expected to intensify in the second half of the year. The Fed convinced investors that inflation did not appear to be a sustained threat despite a CPI reading of +5% in May, so yield curves globally declined instead. But the statistics on the evolution of inflation during the summer could indicate a change in the perception of risks and motivate a "tapering" decision by the Fed as soon as September. Long-term interest rates could therefore adjust to the growth outlook and exceed 2% in the United States, Australia, Canada and China.

Equities

Equity markets are still enjoying some of the inertia of the recent positive trend and remain sustained by liquidity and favorable economic growth prospects. The rise in taxes on US companies, the risk of downward adjustments to profits, and the historically high valuations are still not worrying investors for the moment. Technical, quantitative and valuations factors are also at their highest levels. The fear of not being part of the trend (FOMO) remains a temporary support factor.

Real Estate

The real estate sector is experiencing a significant increase in popularity since the beginning of the vaccination campaigns. This interest was further reinforced by the announcement of the first inflation figures in April. The Swiss segment had not yet taken advantage of these effects, as inflation was still stagnant in the country, but this has now been restored as the sector has jumped by +5.73% after having stagnated for two months. The international segment performed slightly less well (+3.33%) but also showed a strong increase in momentum compared to last month (0.13%).

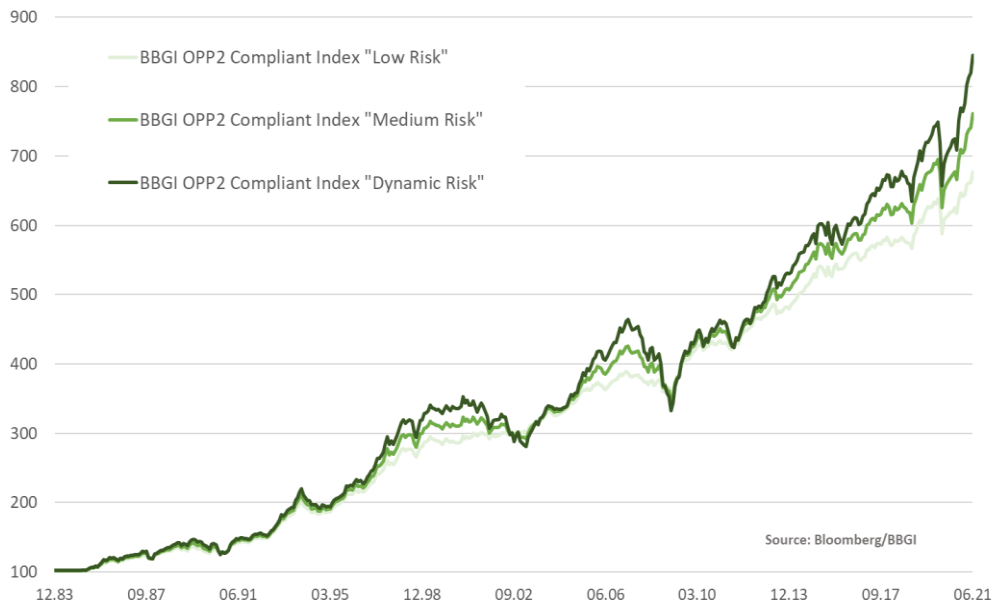
Commodities

Despite a lackluster performance this month (+1.77%), the national growth cycles are now converging. The recovery of household consumption as the crisis ends could reinforce this risk of price increases in conjunction with the effect of inflation.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Quarterly Performance figures - Current Year				Annualized performances	
	March 2021	April 2021	May 2021	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2020	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.34%	0.16%	2.26%	4.64%	1.82%	4.64%			2.63%	5.38%
BBGI OPP2 Compliant "Medium Risk"	0.83%	0.46%	2.69%	7.25%	3.11%	7.25%			3.03%	5.72%
BBGI OPP2 Compliant "Dynamic Risk"	1.32%	0.76%	3.11%	9.90%	4.40%	9.90%			3.37%	6.02%
Swiss Bonds	-0.16%	-0.25%	0.37%	-1.25%	-1.20%	-1.25%			2.92%	3.91%
International Bonds	-2.01%	-0.63%	2.00%	1.15%	1.84%	1.15%			5.85%	3.80%
Swiss Real Estate	0.96%	-0.43%	5.73%	6.73%	0.43%	6.73%			20.68%	6.75%
International Real Estate	2.22%	0.13%	3.33%	18.97%	12.48%	18.97%			20.46%	5.32%
Swiss Stocks	1.17%	3.45%	4.62%	15.15%	5.16%	15.15%			30.59%	9.05%
International stocks	1.14%	-0.01%	4.33%	17.42%	11.29%	17.42%			24.48%	6.71%
Commodities *	8.21%	2.65%	1.77%	20.56%	6.65%	20.56%			4.19%	-2.00%
Private Equity *	10.74%	3.20%	1.88%	31.01%	12.52%	31.01%			38.24%	18.34%
Hedge Funds *	1.51%	0.30%	0.31%	3.17%	1.01%	3.17%			3.13%	0.97%
* hedged in Swiss Francs										
Forex										
USD/CHF	-3.23%	-1.56%	2.90%	4.50%	6.60%	4.50%			-8.42%	-2.79%
EUR/CHF	-0.83%	0.11%	-0.20%	1.45%	2.38%	1.45%			-0.40%	-1.74%

**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 annualized returns of +5.38% to +6.02% since 1984 to date.

The composition of our indices is available on request