

BBGI OPP2 COMPLIANT INDEX CHF

A BBGI exclusivity since 1999

October 2021

Private equity resumes its stratospheric journey.

POSITIVE PERFORMANCE FOR TWO OF THE THREE BBGI OPP2 COMPLIANT INDICES IN OCTOBER

BBGI OPP2 Compliant Index « Low Risk »	-0.24%	(YTD +4.02%)
BBGI OPP2 Compliant Index « Medium Risk »	+0.50%	(YTD +7.49%)
BBGI OPP2 Compliant Index « Dynamic Risk »	+1.25%	(YTD +11.06%)

Comments (performances in Swiss Francs)

After a brief dip into negative territory in the previous month, two of the three strategies in the BBGI OPP2 Compliant Indices returned to a growth path. Indeed, the only index that performed slightly negatively was the low-risk index which stayed below the zero level again this month (-0.24%). The medium risk strategy gained +0.50% and the dynamic risk index climbed by +1.25% this month. The bond markets are still in a weak position in October. The international segment experienced the largest decline (-1.91%). The domestic market is holding up better, dropping by only -0.78% but nevertheless continuing its downward trend of recent months. The Housing market appears to have been mitigated in October. The international segment recovered from a strong profit taking situation (-3.72%) and wiped out almost all its losses by climbing an impressive +3.29%. In Switzerland, the situation is less positive, with the sector confirming its negative trend and increasing its negative momentum (-3.66%). Equity markets were both back in positive territory this month. The domestic component, which had been the most severely affected by the general decline in September is back into positive territory (+3.78%). The international segment also recovered the losses it faced during the previous period (+3.16%). Commodities maintained its positive trend that emerged in September and was supported by the increase in natural gas and oil prices, with a strong positive performance of +2.51%. The private equity sector, which had experienced its first negative period after 12 months of consecutive increases, resumed its unprecedented growth pattern (+12.31%). The segment now totals an extraordinary accumulated gain of +52.23%. As for the Hedge funds sector, it progressed only marginally by +0.80%.

Financial market developments (performances in local currencies, USD)

October proved to be a relatively quiet month on the global economic front with very few surprises that could fundamentally challenge the current economic scenario. On the pandemic front, the situation also seemed relatively under control at the beginning of this autumn season and the risks of a downturn in the economy due to new health restrictions were logically low. The absence of a Federal Reserve meeting provided some breathing space after the short period of anxiety that had pushed the markets down in September. The November meeting is now being viewed with a certain degree of serenity, as investors are not expecting the announced tapering to start in a feared abrupt manner. In the end, it is the capital markets that are currently taking the most into consideration the problem of inflation by pursuing their bull trend. Inflation still appears to be more persistent than most central banks had hoped, but the current stabilization at high levels is still seen as a very reassuring phenomenon. However, we should not forget that before the pandemic, the American economy grew by +2.6%, long (2%) and short (1.8%) interest rates and with an inflation at +2.28%. These figures were logically in line with each other. Now, the gaps are extremely wide between growth (+4.9%), inflation (+5.39%), ten-year yields (1.56%) and one-month yields (0%). There is a certain convergence of these measures that will certainly have to be reflected in a phase of normalizing of the long-term rates. Despite this, the month of October remained relatively stable on the level of yields. This was enough for the equity markets to regain confidence and progress again by an average of +3.16%. International real estate also experienced a more favorable climate, leaping by +3.29% and almost recovering from the previous month's loss. Commodities recovered from their September slump, moving up again by +2.51%. They have also significantly taken advantage of the recovery in global demand with an incredible gain of +31.43% since the beginning of the year. And finally, the Private equity segment of our Indices lead the way this month with a +12.31% performance figure and an astounding year to date performance of + 52.23% in 2021.

PERFORMANCE BY ASSET CLASS

OCTOBER

+ 12.31%	Private Equity
+ 3.78%	Swiss Equities
+ 3.29%	International Real Estate
+ 3.16%	International Equities
+ 2.51%	Commodities
+ 0.80%	Hedge Funds
- 0.78%	Swiss fixed Income
- 1.91%	International fixed Income
- 3.66%	Swiss Real Estate

YTD

+ 52.23%	Private Equity
+ 31.43%	Commodities
+ 22.03%	International Real Estate
+ 20.96%	International Equities
+ 17.15%	Swiss Equities
+ 3.61%	Hedge Funds
+ 2.54%	Swiss Real Estate
- 0.95%	International fixed Income
- 2.45%	Swiss fixed Income

COMMENTS BY ASSET CLASS

Fixed Incomes

Another negative month for virtually all the fixed income markets, which are seeing their long-term yields rise a little higher than expected. Since the year started, the losses of the bond indices in the main currencies range from -0.19% (Japan) to -8.41% (Australia) with an average result of -4.29%. In October, the ten-year yields rose only marginally after the tight situation in September. Central bank communications are still very circumspect, but the probabilities of incremental normalisation are now increasing. The announcement of a forthcoming tapering triggered the retreat, but the presence of the Fed is securing an orderly retreat for the time being.

Equities

Equity markets reacted to the rate hike in September by significant profit taking, but then, the loss of momentum in the interest rate markets in October was enough to revive the rise in equities. The correction was only temporary in most regions, as demonstrated by the rebounds in international (+5.66%) and Swiss (+3.78%) equities. Persistent inflation and logistical difficulties have not yet had a lasting impact on profit and margin growth perspectives. Optimism is back. The high valuations of equities are not disadvantageous in a global context still characterised by a lack of alternatives.

Commodities

The commodities sector is continuing its bullish trend despite a slight loss of momentum (+2.51%). Metals once again gave way to energy, which made a strong contribution to the sector's overall performance. Indeed, the rise in natural gas prices to unprecedented highs and oil prices reaching USD 80 have pushed the segment up.

Private Equity

After experiencing its first period of decline in a year, the sector is picking up again. Indeed, the asset class achieved a spectacular gain of +12.31%, posting the best performance of all asset classes combined. Despite the Fed's announced monetary policy adjustment and questions about future rate hikes, investors' fears already seem to have faded.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD Year to date	Current Year				Annualized performances	
	August 2021	September 2021	October 2021		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2020	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.47%	-1.52%	-0.24%	4.02%	1.82%	4.64%	4.27%		2.63%	5.31%
BBGI OPP2 Compliant "Medium Risk"	0.83%	-1.82%	0.50%	7.49%	3.11%	7.25%	6.95%		3.03%	5.67%
BBGI OPP2 Compliant "Dynamic Risk"	1.20%	-2.12%	1.25%	11.06%	4.40%	9.90%	9.69%		3.37%	6.00%
Swiss Bonds	-0.24%	-1.29%	-0.78%	-2.45%	-1.20%	-1.25%	-1.68%		2.92%	3.84%
International Bonds	0.60%	0.00%	-1.91%	-0.95%	1.84%	1.15%	0.98%		5.85%	3.76%
Swiss Real Estate	-0.92%	-0.28%	-3.66%	2.54%	0.43%	6.73%	6.44%		20.68%	6.57%
International Real Estate	2.69%	-3.72%	3.29%	22.03%	12.48%	18.97%	18.14%		20.46%	5.41%
Swiss Stocks	2.37%	-5.66%	3.78%	17.15%	5.16%	15.15%	12.88%		30.59%	9.01%
International stocks	3.59%	-2.23%	3.16%	20.96%	11.29%	17.42%	17.26%		24.48%	6.74%
Commodities *	-0.37%	4.90%	2.51%	31.43%	6.65%	20.56%	28.22%		4.19%	-1.29%
Private Equity *	2.09%	-5.04%	12.31%	53.23%	12.52%	31.01%	36.44%		38.24%	17.99%
Hedge Funds *	0.60%	-0.45%	0.80%	3.61%	1.01%	3.17%	2.79%		3.13%	1.00%
* hedged in Swiss Francs										
Forex										
USD/CHF	1.02%	1.81%	-1.67%	3.49%	6.60%	4.50%	5.25%		-8.42%	-2.79%
EUR/CHF	0.56%	-0.20%	-1.87%	-2.11%	2.38%	1.45%	-0.24%		-0.40%	-1.88%

**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 systematically diversified strategies of the BBGI OPP2 COMPLIANT Indices have generated annualized returns from 5.31% to 6.00% since 1984 to date.

The composition of our indices is available upon request