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BBGI OPP2 COMPLIANT INDICES CHF

A BBGI exclusivity since 1999

September 2021

The vast majority of asset classes are under big pressure.

NEGATIVE PERFORMANCE FOR ALL BBGI OPP2 INDICES IN SEPTEMBER

BBGI OPP2 Index « Low Risk »	**-1.52%**	**(YTD +4.27%)**
BBGI OPP2 Index « Moderate Risk »	**-1.82%**	**(YTD +6.95%)**
BBGI OPP2 Index « Dynamic Risk »	**-2.12%**	**(YTD +9.69%)**

Comments (performance in Swiss francs)

All three BBGI OPP2 Compliant indices are in negative territory for the first time since January. Indeed, the low-risk strategy lost -1.52% this month. The moderate risk index is also down (-1.82%). The dynamic risk strategy performs the worst and slips by -2.12%. With the exception of this month's decline, the last seven consecutive periods of gains have resulted in returns ranging from +4.27% to +9.69% since the beginning of the year. Bond markets are still continuing to generate poor results. Indeed, the international bond market moved into a perfectly flat pattern in September (+0.00%) while its domestic counterpart maintained its slightly downward path of the previous month (-1.29%). The real estate sector is also experienced lots of pressure in September. The Swiss market maintained its downward path since August and dropped by a small -0.28%. And as for the international sector, it completely reversed its upward trend and plunged by 3.72%. The equity markets were also in the red this month, the Swiss component is the most severely impacted, having plunged by -5.66% and posting the worst performance of all asset classes but is still remaining very significantly positive on a year-to-date basis (+12.88%). The international class also reversed its bull trend and slipped by -2.23%. The commodities asset class was the only component to remain in positive territory during the month of September (+4.90%), despite the weakness of precious and industrial metals. The sector was buoyed by crude oil prices, which reached new highs and exceeded pre-pandemic levels. And as for the private equity sector, it had its first negative run in a little less than a year this month (-5.04%) but keeps its first place this year with a total return of + 36.44%. Hedge funds remain relatively neutral for the month (-0.45%) while still positive for the year (2.79%).

Financial market developments (performance in local currencies, USD)

September was dominated by the Fed's comments on inflation and its future monetary policy. The Fed meeting was highly anticipated after a long summer break. It did not fundamentally surprise any of the attentive observers, but by announcing a forthcoming reconsideration of its policy of liquidity injections, it has nevertheless significantly modified the investment climate since then. Finally, the also addressed the evolution of inflation in the United States, pointing out that the phenomenon seems to be more persistent than anticipated. The ongoing problems with the supply chain and the distribution logistics, as well as the tensions in the labor market, have already been supporting a visible inflation increase for the past several quarters, often reaching historically high levels. At the very end of the month, we witnessed the first adjustments in the global capital and equity markets. The long-term yields tightened this month by approximately 30 basis points and were again moving closer towards the rates witnessed in January 2021. The rise in yield curves triggered in the United States by the Fed's anticipated shift in its monetary policy quickly spread throughout most markets. It also coincided with the weakening of the existing concerns, which had previously appeared with the outbreak of the Delta variant. This confirms our previous forecast of a « tapering » that will take place by the end of the year. The financial markets have finally started to recognize this possibility and reacted accordingly. In the capital markets, the downswing in long-term yields was largely reversed, with all the markets generating negative returns in September of -1% to -3%. In the United States, the ten-year US Treasury yields are again approaching 1.6% after having fallen to 1.15% in August. On the equity markets, we are also witnessing changes in the anticipations which are becoming more objective and which have already caused significant declines (-5%) in the stock market indices. As for the International real estate markets (-3.72%), they also suffered from taking profits, while commodities (+4.90%) were boosted by the strong economic situation and inflationary pressures.

PERFORMANCE OF ASSETS CLASSES

SEPTEMBER

+ 4.90%	Commodities
+ 0.00%	International Fixed Income
- 0.28%	Swiss Real Estate
- 0.45%	Hedge Funds
- 1.29%	Swiss Fixed Income
- 2.23%	International Equities
- 3.72%	International Real Estate
- 5.04%	Private Equity
- 5.66%	Swiss Equities

YTD

+ 36.44%	Private Equity
+ 28.22%	Commodities
+ 18.14%	International Real Estate
+ 17.26%	International Equities
+ 12.86%	Swiss Equities
+ 6.44%	Swiss Real Estate
+ 2.79%	Hedge Funds
+ 0.98%	International Fixed Income
- 1.68%	Swiss Fixed Income

COMMENTS BY ASSET CLASS

Bonds

A difficult end in the third quarter for the bond markets, which all recorded negative performances. The majority of 10-year treasury yields were up about 30 basis points in an environment characterized by central bank announcements that were more determined to talk about policy normalization than to emphasize the risks of a contraction in economic growth. The uncertainties associated with the Delta variants have been minimized and the threat of inflation finally seems to be taken more seriously. The expected change in the perception of risk and trend did in fact occur when the Fed officially announced its intention to « tapering » as we expected.

Equities

Equity markets are beginning to see the risks of a rise in interest rates and the impact of the capitalization factor on future earnings. The fear of not taking advantage of the bullish trend (FOMO) is fading as technical and quantitative factors are suggesting a persistent risk of a trend reversal. Rising producer prices, hiring difficulties and logistical problems now threaten profit growth expectations and company margins. The proximity of the end of the year could also support a phase of generalized profit taking with significant impacts on the levels of the stock market indices.

Commodities

Despite a generalized decline in the vast majority of the index's asset classes, the commodities segment was the only one to record a positive performance in September (+4.09%). Despite the weakness of precious metals such as gold (-3.36%) and silver (-8.16%), the asset class was buoyed by the bullish rally in oil prices, which resumed in September after a slight pause during the previous period.

Private Equity

For the first time since November 2020, the sector posted a negative performance. Indeed, the asset class did not escape the generalized decline in all sectors that affected the financial markets during the month of September. The rise in yield curves triggered in the United States by the Fed's announcement of change in its monetary policy quickly spread to a vast majority of the markets. Investors are starting to take into account the consequences of the beginning of the « **tapering** » that will be launched at the end of the year and the riskiest assets are suffering (-5.04%).

BBGI OPP2 Compliant Indices (Monthly Indices)

Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	July 2021	August 2021	September 2021	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2020	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	0.71%	0.47%	**-1.52%**	**4.27%**	1.82%	4.64%	4.27%		2.63%	**5.33%**
BBGI OPP2 Compliant "Medium Risk"	0.74%	0.83%	**-1.82%**	**6.95%**	3.11%	7.25%	6.95%		3.03%	**5.67%**
BBGI OPP2 Compliant "Dynamic Risk"	0.76%	1.20%	**-2.12%**	**9.69%**	4.40%	9.90%	9.69%		3.37%	**5.97%**
Swiss Bonds	1.10%	-0.24%	**-1.29%**	**-1.68%**	-1.20%	-1.25%	-1.68%		2.92%	3.87%
International Bonds	-0.76%	0.60%	**0.00%**	**0.98%**	1.84%	1.15%	0.98%		5.85%	3.77%
Swiss Real Estate	0.94%	-0.92%	**-0.28%**	**6.44%**	0.43%	6.73%	6.44%		20.68%	6.70%
International Real Estate	0.43%	2.69%	**-3.72%**	**18.14%**	12.48%	18.97%	18.14%		20.46%	5.30%
Swiss Stocks	1.51%	2.37%	**-5.66%**	**12.88%**	5.16%	15.15%	12.88%		30.59%	8.93%
International stocks	-1.40%	3.59%	**-2.23%**	**17.26%**	11.29%	17.42%	17.26%		24.48%	6.66%
Commodities *	1.76%	-0.37%	**4.90%**	**28.22%**	6.65%	20.56%	28.22%		4.19%	-1.50%
Private Equity *	7.43%	2.09%	**-5.04%**	**36.44%**	12.52%	31.01%	36.44%		38.24%	18.74%
Hedge Funds *	-0.51%	0.60%	**-0.45%**	**2.79%**	1.01%	3.17%	2.79%		3.13%	0.94%
* hedged in Swiss Francs										
Forex										
USD/CHF	-2.06%	1.02%	**1.81%**	**5.25%**	6.60%	4.50%	5.25%		-8.42%	-2.75%
EUR/CHF	-2.02%	0.56%	**-0.20%**	**-0.24%**	2.38%	1.45%	-0.24%		-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