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BBGI GROUP Global Investments

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

August 2022

Annualized performance of +4.91% to +5.58%

Financial markets fell during the month of August

POSITIVE PERFORMANCES FOR ALL THREE BBGI OPP2 COMPLIANT INDICES IN AUGUST

BBGI OPP2 Compliant Index « Low Risk »	**- 2.29%**	**(YTD -10.83%)**
BBGI OPP2 Compliant Index « Medium Risk »	**- 2.27%**	**(YTD -11.08%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**- 2.26%**	**(YTD -11.35%)**

Comments (performances in Swiss Francs)

After a 6 week rally the financial markets are experiencing a downturn. Indeed, the BBGI OPP2 Compliant indices achieved negative performances in August. The low-risk strategy posted the biggest drop, falling by -2.29% while the medium risk index followed a similar path (-2.27%). The dynamic risk strategy held up slightly better than the others, falling by only -2.26%. All three indices have been in clearly negative territory since the beginning of the year (-10.83%, -11.08%, -11.35%) in a context of geopolitical tensions coupled with a negative economic environment for financial assets. The bond markets are back on the decline this month. The domestic segment fell the most in August (-2.84%), while the international segment was slightly less affected (-1.41%). Both asset classes have cumulated losses since January (-9.82% and -9.58%). The real estate sector is also affected by the generalized downward trend and the restrictive monetary policies of central banks. The Swiss segment fell slightly below the neutral performance mark in August (-0.97%), while the international segment fell more sharply (-3.78%) and has accumulated losses since the beginning of the year (-12.95% and -13.95% respectively). The equity markets are also in the red, the Swiss stock market is down -3.06% and almost erases the gains made during the last period (+4.42%). International equities, on the other hand, are resisting better and are only losing -1.36%. Commodities are also in negative territory despite increasing European energy tensions. The asset class asset class fell slightly by -0.16% but remains the only one to post a gain since the beginning of the year (+21.97%). The private equity sector plunged again (-7.61%) after a spectacular surge last month (+14.74%), the segment accumulated the worst performance since the beginning of the year (-29.68%). Alternative investments are the only asset class to make a gain this month (+0.75%) but remain negative year to date (-5.04%).

Financial market developments (performances in local currencies, USD)

Widespread return of volatility in August after six weeks of financial market recovery. The hope that inflation had perhaps finally stopped rising in July is no longer sustaining the enthusiasm of investors who are now worried that a new downward trend in prices will not be enough to change the Federal Reserve's monetary policy. The Fed's comments have raised concerns that it is pursuing a potentially overly dogmatic and risky strategy for an economy already in recession, which would still involve another 75 bp rate hike in September. This eventuality supports a dynamic that would bring key rates to nearly 4% at the end of the first quarter of 2023 and is already causing a rapid rise in long-term rates above 3.2%. While this prospect is still favorable for the dollar, it has rekindled the short-term fears of investors worried about the rise in long-term rates. At the end of the month, all asset classes reacted in the same way, suffering declines that partially offset the increases of July. International bond markets fell by an average of -3.95%, with Gilts even falling by -8.5%. International equities also lost a little more than -4%, while yield curve pressures further penalized securitized real estate (-6.1%) and private equity (-6.2%). Commodities also ended lower (-2.65%), led by the fall in oil (-4.48%) in the context of growing recession risks.

PERFORMANCE OF ASSET CLASSES

AUGUST

+ 0.75%	Hedge Funds
- 0.16%	Commodities
- 0.97%	Swiss Real Estate
- 1.36%	International stocks
- 1.41%	International Bonds
- 2.84%	Swiss Bonds
- 3.06%	Swiss Stocks
- 3.78%	International Real Estate
- 7.61%	Private Equity

YTD

+ 21.97%	Commodities
- 5.04%	Hedge Funds
- 9.58%	International Bonds
- 9.82%	Swiss Bonds
- 11.99%	International stocks
- 12.95%	Swiss Real Estate
- 13.95%	International Real Estate
- 14.84%	Swiss Stocks
- 29.68%	Private Equity

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COMMENTS BY ASSET CLASS

Bonds

The effects of changing expectations were again very strong in August in most markets. Recession risks took a back seat. The Fed's policy has put the heat back on by overemphasizing its desire to fight inflation at any cost. Despite a likely price spike supported by a drop in commodities, the fear of inflation has once again pushed long rates to new highs. The United Kingdom led the way this month with a 100 bp increase in 10-year yields, followed closely by the increase in Europe (80 bp). Yield curves are again close to their mid-June levels.

Equities

With the end of the corporate earnings season, which on average was better than expected, the equity markets were affected by changing sentiment and less favorable expectations regarding monetary policy. The asset class was penalized by the rise in long-term interest rates and the prospect of more significant increases in key interest rates in September. Risk appetite decreased after an already substantial six-week stock market rally. Technology stocks were again subject to profit taking at the end of the month.

Commodities

The commodities segment fell slightly in August (-0.16%). Nevertheless, the asset class remains the only one to achieve a positive performance since the beginning of the year (+21.27%). In a global context of historically high inflation, commodities are proving to be an effective means of protection where other financial assets are suffering from the restrictive monetary policies of central banks. These as an essential component of diversification when equities (-13.95%) and bonds (-9.58%) are declining YTD.

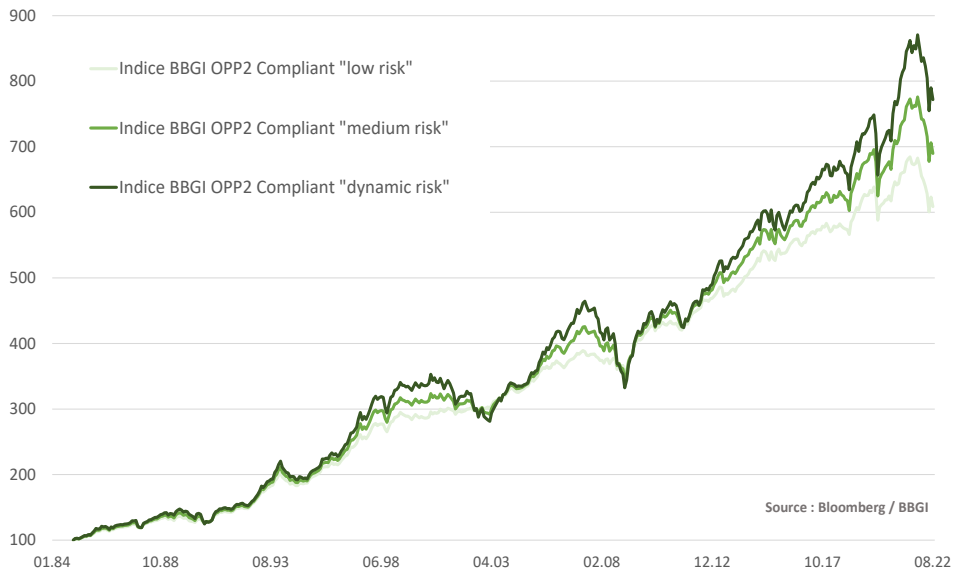
Real Estate

Fears that the central banks will continue to pursue an overly aggressive monetary policy have once again put pressure on interest rates. The securitized real estate segment, which is very sensitive to these factors, took profits in August and returned to the red figures. The Swiss market fell by -0.97%, while internationally the drop was even greater (-3.78%). Both segments have been in negative territory since January (-12.95% and -13.95%).

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	June 2022	July 2022	August 2022	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-4.35%	3.74%	**-2.29%**	**-10.83%**	-4.96%	-2.40%			5.61%	4.91%
BBGI OPP2 Compliant "Medium Risk"	-5.27%	4.18%	**-2.27%**	**-11.08%**	-4.49%	-3.10%			9.36%	5.26%
BBGI OPP2 Compliant "Dynamic Risk"	-6.19%	4.62%	**-2.26%**	**-11.35%**	-4.02%	-3.80%			13.22%	5.58%
Assets										
Swiss Bonds	-1.88%	3.36%	**-2.84%**	**-9.82%**	-6.06%	-7.02%			-1.82%	3.49%
International Bonds	-3.65%	1.84%	**-1.41%**	**-9.58%**	-5.17%	-7.34%			-1.72%	3.68%
Swiss Real Estate	-6.01%	3.27%	**-0.97%**	**-12.95%**	-4.17%	-11.68%			7.32%	6.16%
International Real Estate	-8.92%	6.76%	**-3.78%**	**-13.95%**	-2.39%	-10.28%			25.63%	5.00%
Swiss Stocks	-7.27%	4.42%	**-3.06%**	**-14.84%**	-5.51%	-8.81%			23.38%	8.49%
International stocks	-8.88%	6.82%	**-1.36%**	**-11.99%**	-4.24%	-10.56%			22.05%	6.25%
Commodities *	-10.97%	4.01%	**-0.16%**	**21.97%**	25.17%	1.86%			25.81%	-0.47%
Private Equity *	-15.11%	14.74%	**-7.61%**	**-29.68%**	-11.92%	-24.56%			49.92%	14.37%
Hedge Funds *	-1.96%	0.35%	**0.75%**	**-5.04%**	-1.98%	-3.83%			2.55%	0.57%
* hedged in Swiss Francs										
Forex										
USD/CHF	-0.46%	-0.28%	**2.64%**	**7.08%**	4.21%	1.89%			3.81%	-2.57%
EUR/CHF	-2.77%	-2.80%	**1.00%**	**-5.26%**	-5.55%	-4.56%			-3.66%	-2.13%

**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 +4.91% to +5.58% since 1984 to date

The composition of our indices is available upon request