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BBGI OPP2 COMPLIANT INDEX CHF

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January 2022

Financial markets contracted in the first month of the year

NEGATIVE PERFORMANCES FOR ALL THREE BBGI OPP2 COMPLIANT INDICES IN JANUARY

BBGI OPP2 Compliant Index « Low Risk »	**- 1.66%**	**(YTD -1.66%)**
BBGI OPP2 Compliant Index « Medium Risk »	**- 1.96%**	**(YTD -1.96%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**- 2.26%**	**(YTD -2.26%)**

Comments (performances in Swiss Francs)

All three BBGI OPP2 Compliant indices have performed negatively in the first month of 2022. Indeed, the low-risk index is down in January (-1.66%). The moderate risk strategy fell by -1.96% while the dynamic risk approach lost -2.26%. The bond markets started the new year in the red. The domestic segment fell by -1.41%, while the international market declined slightly less (-0.52%). The property markets were contracting in January. On the international front, the decline is significant (-3.11%) which erased a large proportion of the gains made in December (+4.92%) while in Switzerland, the decline was much more modest (-0.19%). Equity markets were back into negative territory this month, with the Swiss stock market in particular which experienced a sharp correction (-5.67%), wiping out most of the gains made in December (+5.87%). The International markets did slightly better (-2.97%). Commodities were the only asset class to record a positive performance in January (+8.71%). Effectively, the sector has been boosted by the continuing increase in the price of energy since the beginning of December. The private equity sector, which has achieved the largest cumulative gain over the year 2021, started the new year with a very significant decline of -7.34%, making it the worst performer for the month. With interest rates set to rise inevitably, risky assets are acting as a buffer and experienced a significant capital outflow. Hedge funds have continued to decline, falling by 1.92% during the month of January.

Financial market developments (performances in local currencies, USD)

There was a widespread profit-taking behavior followed by declines in prices in January across all asset classes. The investment climate quickly deteriorated as investors finally started to worry about the evolution of the monetary policy in the United States and the consequent risks for all financial markets. The ten-year rates in all the countries have been on an upward trend, driven by US Treasury rates, with the yield approaching 1.9%, which has caused the global bond markets to lose approximately -2%. Global equity markets contracted by -5.3% (MSCI World Index), followed by the international real estate market (-5%) and the private equity sector which also suffered a drop of -5.9%. Only the commodities sector succeeded in achieving a positive result (+11.6%) thanks to a further increase in crude oil prices (+18.4%). On 26 January, the Federal Reserve confirmed its intention to raise interest rates as early as March and to start reducing its balance sheet. Investors now know what to expect, which has the paradoxical effect of eliminating the uncertainties. The Fed is certainly behind in its battle against inflation, but investors already seem to be questioning whether the worst news are not already being told. January thus ended with a significant change in risk perception and a possible stock market reversal. While overall risky assets only dropped by about -5%, some regions and sectors experienced more consequential declines. The Nasdaq's -8.5% decline (-18% since November 20th) already suggests significant consolidations, synonymous with more appealing valuations. Certain digital, technology and biotech stocks, as well as promising, but often still unprofitable, stocks in the economy of the near future, were much more severely penalized in this latest "risk off" phase. A "relief rally" is most probably in progress for "risky" assets, which will be bolstered by investors who are once again in a " risk on " mode during the month of February.

PERFORMANCE OF ASSET CLASSES

January 2022

+ 8.71%	Commodities
- 0.19%	Swiss Real Estate
- 0.52%	International fixed Income
- 1.41%	Swiss fixed Income
- 1.92%	Hedge Funds
- 2.97%	International Equities
- 3.11%	International Real Estate
- 5.67%	Swiss Equities
- 7.34%	Private Equity

YTD

+ 8.71%	Commodities
- 0.19%	Swiss Real Estate
- 0.52%	International fixed Income
- 1.41%	Swiss fixed Income
- 1.92%	Hedge Funds
- 2.97%	International Equities
- 3.11%	International Real Estate
- 5.67%	Swiss Equities
- 7.34%	Private Equity

COMMENTS BY ASSET CLASS

Fixed Incomes

There has already been a significant correction in most bond markets, which lost an average of -2% over the month. Economic surprises are rather negative in January (Omicron effect), but the year should remain solid. The Federal Reserve's policy change remains the most important event of the month for the capital markets. The expected decrease in liquidity with tapering is further strengthened by the Fed's announced intention to reduce its balance sheet. However, we believe that this scenario should not be overestimated as it is very unlikely to materialise significantly during 2022. Inflation is expected to decline gradually but should remain at levels well above central bank targets. Long-term interest rates should therefore continue to rise and shape the financial environment in 2022.

Equities

The aggregate -5.3% slump in the MSCI World Index over the month masks more substantial price and valuation corrections in technology, digital, biotech, and other segments, as well as many other individual stocks. The economic outlook is still positive and the expected increase in corporate profits is not necessarily called into question. The tightening of monetary policy is now predictable and expected. The corrections in the equity markets therefore definitely offer opportunities for some strategic repositioning.

Commodities

Despite the increasing number of people infected in many countries, the travel restrictions seem to have had a smaller impact on the fuel market. Crude oil prices have continued to rise since the beginning of December and broke the $85 per barrel line by the end of the month. Gold, on the other hand, experienced very high levels of volatility during the month of January. It first peaked above $1845 near the end of the month before falling back to its level of the beginning of the month.

Private Equity

The segment attracted a large number of investors looking for an alternative in 2021. As a result, it achieved a spectacular cumulative performance of +49.92% over the year. The asset class started the year 2022 in a very negative way. The fundamental paradigms of central bank monetary policies have changed, and the environment of rising interest rates has become much less favorable for debt-based venture investments such as private equity (-7.34%).

BBGI OPP2 Compliant Indices (Monthly Indices)										
	last 3 months			YTD	Current Year				Annualized performances	
Performances in Swiss Francs	January 2022			Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2020	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-1.66%			**-1.66%**					5.61%	5.28%
BBGI OPP2 Compliant "Medium Risk"	-1.96%			**-1.96%**					9.36%	5.64%
BBGI OPP2 Compliant "Dynamic Risk"	-2.26%			**-2.26%**					13.22%	5.96%
Assets										
Swiss Bonds	-1.41%			**-1.41%**					-1.82%	3.80%
International Bonds	-0.52%			**-0.52%**					-1.72%	3.74%
Swiss Real Estate	-0.19%			**-0.19%**					7.32%	6.67%
International Real Estate	-3.11%			**-3.11%**					25.63%	5.40%
Swiss Stocks	-5.67%			**-5.67%**					23.38%	8.95%
International stocks	-2.97%			**-2.97%**					22.05%	6.64%
Commodities *	8.71%			**8.71%**					25.81%	-1.42%
Private Equity *	-7.34%			**-7.34%**					49.92%	17.03%
Hedge Funds *	-1.92%			**-1.92%**					2.55%	0.85%
* hedged in Swiss Francs										
Forex										
USD/CHF	1.57%			**1.57%**					3.81%	-2.75%
EUR/CHF	0.37%			**0.37%**					-3.66%	-1.93%

****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