

# BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

July 2022

Annualized performance  
of **+4.99%** to **+5.65%**

## Financial markets return to the upside in July

### POSITIVE PERFORMANCES FOR ALL THREE BBGI OPP2 COMPLIANT INDICES IN JULY

BBGI OPP2 Compliant Index « Low Risk »	+ 3.75%	(YTD -8.74%)
BBGI OPP2 Compliant Index « Medium Risk »	+ 4.18%	(YTD -9.01%)
BBGI OPP2 Compliant Index « Dynamic Risk »	+ 4.62%	(YTD -9.30%)

### Comments (performances in Swiss Francs)

The downward trend of the last few months came to a halt in July. Indeed, the three BBGI OPP2 compliant indices achieved positive performances for the first time in three months. However, this is not enough to bring the three strategies back above the neutral performance from a year-to-date perspective (-8.74%, -9.01% and -9.30%). Bond markets are up this month, with the international segment up +1.84% while the Swiss market is up more (+3.36%). The real estate sector is also up in July. The domestic market gained +3.27% while the international segment jumped +6.76%, but both segments remain negative since the beginning of the year (-12.09% and -10.56%). Equities interrupted their negative trend from the beginning of the year and finally rebounded. The Swiss stock market recovered +4.42% while the international market did even better by climbing +6.82%. Commodities are also in positive territory after a sharp correction in June (-10.97%), the segment gained +4.01% and remains clearly in the lead since the beginning of the year with a cumulative gain of +22.17%. Private equity is up a spectacular +14.74%, the sector that has performed the worst since the beginning of the year. However, despite being the worst performer since January (-23.89%) this month's gain may reflect a change in investors' appreciation of the risk factor during July. Hedge funds are moving horizontally this month (+0.32%).

### Financial market developments (performances in local currencies, USD)

July ended with a positive performance for most financial assets. The S&P500 index even recorded its best monthly result (+9.2%) since November 2020 and international bonds ended the month in positive territory (+2.1%) with their best result since July 2020. This period was however rich in negative surprises with in particular the publication of a still persistent US inflation (+9.1%) and a surprise negative growth of the US GDP (-0.9%) in the 2nd quarter, against the backdrop of a 0.75 bp increase in the US Federal Reserve's key rates. The financial markets thus took the opposite view of these elements, certainly relieved by the rapid reversal of the trend in long-term rates. Hedge funds (+0.5%) largely underperformed during this period of recovery in international equities (+7.9%), real estate (+6.9%) and private equity (+17.9%) and do not seem to have anticipated the stock market recovery that has begun. The fears that had caused financial assets to fall have thus become a reality in recent weeks with the exception of those linked to the evolution of company results. Indeed, the earnings season has so far gone better than many had feared, with a high proportion of companies exceeding analysts' expectations. The rapid adjustment in 10-year bond yields (-100 bps) has largely contributed to the change in risk perception and will support fund flows into risky assets. A stabilisation of long rates at current levels is likely in the coming months if the inflation trajectory finally shows the expected signs of easing.

### PERFORMANCE OF ASSET CLASSES

#### JULY

+ 14.74%	Private Equity
+ 6.82%	International stocks
+ 6.76%	International Real Estate
+ 4.42%	Swiss Stocks
+ 4.01%	Commodities
+ 3.36%	Swiss Bonds
+ 3.27%	Swiss Real Estate
+ 1.84%	International Bonds
+ 0.35%	Hedge Funds

#### YTD

+ 22.17%	Commodities
- 5.75%	Hedge Funds
- 7.18%	Swiss Bonds
- 8.28%	International Bonds
- 10.56%	International Real Estate
- 10.79%	International stocks
- 12.09%	Swiss Real Estate
- 12.15%	Swiss Stocks
- 23.89%	Private Equity

## COMMENTS BY ASSET CLASS

### Fixed Incomes

The effects of changing expectations were even more extreme in July than in June in most markets. Consideration of recession risks outweighed inflationary fears and thus caused long rates to accelerate downwards by about 50 bps. As a result, ten-year rates have corrected by almost 100 bps since their peak level in June. Yields have fallen from 1.5% to 0.5% in Switzerland, from 3.5% to 2.5% in the US and from 1.75% to 0.77% in Germany. The yield curves are now lower at the end of July than they were in June and even in May, especially in the central part.

### Equities

Equity markets finally reacted favorably in July to lower interest rates after being rather cautious in June. A Better than anticipated earnings season also encouraged some risk-taking. Risk appetite partly returned in July, particularly in technology stocks, which were particularly badly hit in the first half of the year. Enthusiasm is not yet total as we note the still exceptional level of short positions by large speculative investors and historically very low allocations by institutional investors. The sentiment remains cautious but it could be difficult to hold the massive shorts still held by hedge funds if the S&P500 manages to rise above its 100-day average of 4,120 points.

### Commodities

The commodities sector is once again evolving above the neutral performance mark in July. Indeed, after a lightning correction in June (-10.97%), the segment is back on the rise and climbed +4.01% despite the correction in crude oil prices, which even reached 87 dollars during the month, under the pressure of the recession outlook. The asset class remains the big winner of the first 7 months of the year, with a spectacular cumulating a spectacular gain of +22.17%.

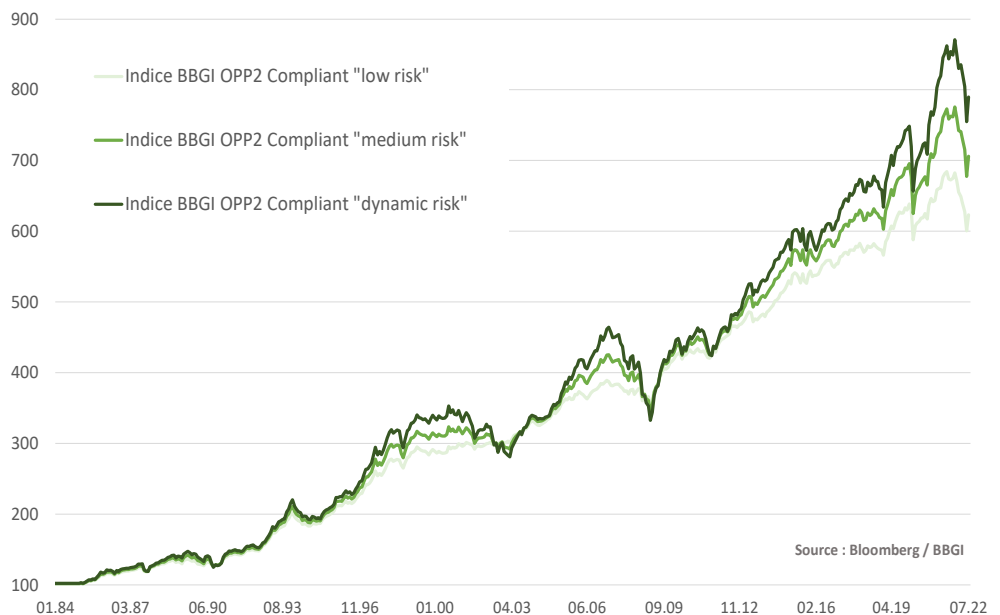
### Real Estate

The sector suffered greatly in the first part of the year from the tightening of monetary policy by central banks and the increase in interest rates. However, securitised real estate investments benefited in July from the easing of the interest rate trend and are regaining investor interest. Both asset classes are positive this month (+3.27% and +6.76%).

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	May 2022	June 2022	July 2022	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-1.79%	-4.35%	3.74%	-8.74%	-4.96%	-2.40%			5.61%	4.99%
BBGI OPP2 Compliant "Medium Risk"	-2.01%	-5.27%	4.18%	-9.01%	-4.49%	-3.10%			9.36%	5.34%
BBGI OPP2 Compliant "Dynamic Risk"	-2.23%	-6.19%	4.62%	-9.30%	-4.02%	-3.80%			13.22%	5.65%
<b>Assets</b>										
Swiss Bonds	-0.58%	-1.88%	3.36%	-7.18%	-6.06%	0.88%			-1.82%	3.57%
International Bonds	-1.00%	-3.65%	1.84%	-8.28%	-5.17%	-2.81%			-1.72%	3.69%
Swiss Real Estate	-4.42%	-6.01%	3.27%	-12.09%	-4.17%	-7.16%			7.32%	6.20%
International Real Estate	-5.64%	-8.92%	6.76%	-10.56%	-2.39%	-7.79%			25.63%	5.13%
Swiss Stocks	-4.38%	-7.27%	4.42%	-12.15%	-5.51%	-7.23%			23.38%	8.60%
International stocks	-1.30%	-8.88%	6.82%	-10.79%	-4.24%	-3.37%			22.05%	6.30%
Commodities *	1.35%	-10.97%	4.01%	22.17%	25.17%	-5.61%			25.81%	-0.46%
Private Equity *	2.36%	-15.11%	14.74%	-23.89%	-11.92%	2.00%			49.92%	15.13%
Hedge Funds *	-1.22%	-1.96%	0.35%	-5.75%	-1.98%	-2.83%			2.55%	0.51%
* hedged in Swiss Francs										
<b>Forex</b>										
USD/CHF	-1.27%	-0.46%	-0.28%	4.33%	4.21%	-2.01%			3.81%	-2.64%
EUR/CHF	0.34%	-2.77%	-2.80%	-6.21%	-5.55%	-5.23%			-3.66%	-2.18%

\*\*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 +4.99% to +5.65% since 1984 to date**

*The composition of our indices is available upon request*