

# BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

June 2022

Annualized performance  
of **+4.90%** to **+5.54%**

## The downward trend increases in June

### NEGATIVE PERFORMANCES FOR ALL THREE BBGI OPP2 COMPLIANT INDICES IN JUNE

BBGI OPP2 Compliant Index « Low Risk »	- 4.35%	(YTD -12.03%)
BBGI OPP2 Compliant Index « Medium Risk »	- 5.27%	(YTD -12.66%)
BBGI OPP2 Compliant Index « Dynamic Risk »	- 6.19%	(YTD -13.30%)

### Comments (performances in Swiss Francs)

The downward trend in the financial markets continued in June. Indeed, all three BBGI OPP2 Compliant indices are performing negatively and increasing their momentum. The "low risk" index fell by -4.35% while the "moderate risk" strategy fell more sharply by -5.27%. The "dynamic" risk index was the worst performer, losing -6.19%. This month all asset classes without exception are in negative territory. The bond markets corrected again in June, with the domestic segment posting a negative performance of -1.88% and the international class falling more heavily by -3.65%. The real estate sector followed a similar path, with the Swiss market contracting by -6.01% and the international segment falling sharply by -8.92%. Since the beginning of the year, a negative trend has taken hold and both asset classes have experienced a sharp correction of -14.88% and -16.23% respectively. The equity markets are also in a very bad position at the end of the month. The domestic segment increased its bearish momentum and lost another -7.27% while the international class did worse and plunged by -8.88%. Both asset classes are suffering from the very negative global monetary policies for equities and have totalled losses of more than -15% since the beginning of the year. Commodities fell back below neutral performance for the first time since the beginning of the year (-10.97%). Crude oil prices fell in June, interrupting a five-month rise. Private equity collapsed in June (-15.11%), while alternative investments held up better than the other asset classes (-1.96%).

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

The first half of the year was one of the worst in history, with all asset classes down by between -10% (Swiss bonds) and -27% (PE) with the exception of commodities (+35.8%). The month ended with another unexpected rebound with the publication of the Atlanta Fed's GDPNow, which went from +0.7% on 28 June to -2.08% on July 1st and suggests that the US economy is already in recession. Expectations of a induced slowdown for the end of the year due to the fall in household purchasing power following the rise in prices will have to be reassessed. After having suffered a brutal exacerbation of fears of uncontrolled inflation during the publication of the US CPI on 10 June (+8.6% yoy), which simultaneously provoked a jump of more than 50 basis points in most long-term yields in three days, a fall of around -10% in the equity markets and a forced 75 bp rise in the Fed, fears of recession are once again the main source of concern. The spectre of recession has pushed inflationary fears into the background, and rightly so in our view, as a number of indicators are already pointing logically towards a reduction in tensions in the context of growing economic weakness. The financial markets are at a loss and so is the Fed, which will certainly appear to be at odds with the current economic situation once again in this context. Barely three days of rate hikes will have been enough to cause panic in all sectors, but a normalisation is already taking place in the financial markets, with long-term yields adjusting rapidly to this new paradigm. The rise in rates was thus short-lived and did not withstand the increasing signs of economic slowdown. The yield curves rapidly retracted under levels that prevailed prior to 10 June. WTI crude oil (-7.7%), US gas (-33.4%) and agricultural commodities (-11.9%) also fell sharply in June and will contribute to the loss of inflation momentum in the coming weeks.

### PERFORMANCE OF ASSET CLASSES

#### JUNE

- 1.88%	Swiss Bonds
- 1.96%	Hedge Funds
- 3.65%	International Bonds
- 6.01%	Swiss Real Estate
- 7.27%	Swiss Stocks
- 8.88%	International stocks
- 8.92%	International Real Estate
- 10.97%	Commodities
- 15.11%	Private Equity

#### YTD

+ 17.46%	Commodities
- 6.08%	Hedge Funds
- 9.93%	International Bonds
- 10.20%	Swiss Bonds
- 14.88%	Swiss Real Estate
- 15.87%	Swiss Stocks
- 16.23%	International Real Estate
- 16.48%	International stocks
- 33.67%	Private Equity

## COMMENTS BY ASSET CLASS

### Fixed Incomes

Changes in expectations were extreme in June, ranging from +50 bps in a widespread panic over the risks of a relaunch of an uncontrolled inflationary spiral, before correcting these excesses with stronger cuts in the more rational perspective of a slowing economy. The capital markets now fearecession more than inflation, which may already be curbed by the increasingly visible decline in consumption. Ten-year US Treasury yields initially rose by 50 bps to 3.49% before falling rapidly to 2.88% at the end of the month. In Europe and Switzerland, ten-year government yields in Europe and Switzerland, ten-year government yields, which had reached 1.92% and 1.59% respectively in the context of the panic mentioned above, fell back to 1.18% and 0.92%, despite inflation rising to +3.4% YoY in Switzerland.

### Equities

Unlike the bond markets, the equity markets remained frozen in their post rate shock of 10 June, with no real positive reaction following the impressive fall in yields observed subsequently in most markets. Risk appetite has not yet returned. Investors still fear the onset of an earnings and the fact that the correction has mainly been realised in the form of falling prices (P). The economic factor is weighing on the profit outlook.

### Commodities

The commodities sector is experiencing its first period of decline since the beginning of the year. The asset class lost -10.97% in June, dragged down by crude oil prices, which fell by -7.7%. Gas was not left out either, as the commodity collapsed by raw material about -33%. A drop that could somewhat relieve the inflationary pressures that has been the focus of investor attention for the past few months. The sector is still clearly at the top of the YTD table and is even the only asset class in positive territory with a cumulative gain of +17.46%.

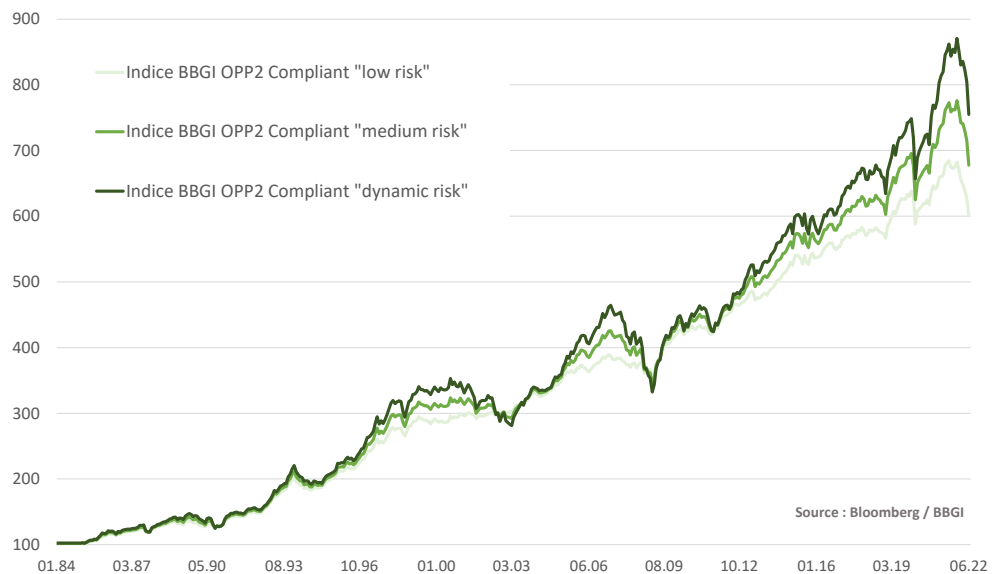
### Real Estate

The sector is sinking into its downward trend and is further increasing its negative momentum. The domestic segment plunged by -6.01% and the international class is doing even worse, falling by -8.92%. Both asset classes are moving into strong negative territory, with losses of -14.88% and -16.23% respectively.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD Year to date	Current Year				Annualized performances	
	April 2022	May 2022	June 2022		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-1.47%	-1.79%	-4.35%	-12.03%	-4.96%	-7.61%			5.61%	4.90%
BBGI OPP2 Compliant "Medium Risk"	-1.49%	-2.01%	-5.27%	-12.66%	-4.49%	-8.77%			9.36%	5.23%
BBGI OPP2 Compliant "Dynamic Risk"	-1.51%	-2.23%	-6.19%	-13.30%	-4.02%	-9.94%			13.22%	5.54%
<b>Assets</b>										
Swiss Bonds	-1.99%	-0.59%	-1.88%	-10.20%	-6.06%	-4.47%			-1.82%	3.49%
International Bonds	-0.43%	-1.00%	-3.65%	-9.93%	-5.17%	-5.08%			-1.72%	3.69%
Swiss Real Estate	-1.13%	-4.42%	-6.01%	-14.88%	-4.17%	-11.56%			7.32%	6.12%
International Real Estate	-0.15%	-5.64%	-8.92%	-16.23%	-2.39%	-14.70%			25.63%	4.91%
Swiss Stocks	0.42%	-4.38%	-7.27%	-15.67%	-5.51%	-11.24%			23.38%	8.50%
International stocks	-3.02%	-1.30%	-8.88%	-16.48%	-4.24%	-13.20%			22.05%	6.13%
Commodities *	4.00%	1.35%	-10.97%	17.46%	25.17%	-5.62%			25.81%	-0.78%
Private Equity *	-13.34%	2.36%	-15.11%	-33.67%	-11.92%	-26.08%			49.92%	13.82%
Hedge Funds *	-1.06%	-1.22%	-1.96%	-6.08%	-1.98%	-4.24%			2.55%	0.48%
* hedged in Swiss Francs										
<b>Forex</b>										
USD/CHF	5.34%	-1.27%	-0.46%	7.90%	4.21%	3.62%			3.81%	2.63%
EUR/CHF	0.48%	0.34%	-2.77%	-7.40%	-5.55%	-1.95%			-3.66%	1.95%

\*\*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 +4.90% to +5.54% since 1984 to date**

*The composition of our indices is available upon request*