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BBGI GROUP Global Investments

BBGI OPP2 Compliant STRATEGIES AND INDICES CHF

A BBGI exclusivity since 1999

March 2022

Annualized performances from **+5.15%** to **+5.87%**

European geopolitics continue to affect the markets in March

NEGATIVE PERFORMANCES FOR TWO OF THE THREE BBGI OPP2 COMPLIANT INDICES IN MARCH

BBGI OPP2 Compliant Index « Low Risk »	**- 0.97%**	**(YTD -4.96%)**
BBGI OPP2 Compliant Index « Medium Risk »	**- 0.15%**	**(YTD -4.49%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+ 0.67%**	**(YTD -4.02%)**

Comments (performances in Swiss Francs)

European geopolitical turmoil continued to negatively affect the financial markets in March. This has brought two of the three BBGI OPP2 Compliant indices into negative territory. The Low Risk Index index fell by -0.97%, the moderate risk index did slightly better and lost only -0.15% while the dynamic risk index index rose above the zero performance level and increased by a positive 0.67%. The bond markets maintained their distinctly bearish trend this month. Both segments dropped in March, the domestic fell by -2.73% while the international by -2.44%. Both have suffered significant losses in the last few months. The real estate segment regained a little ground and was more successful in March. The domestic market only lost -0.56% against it's serious -3.45% drop during February. As for the international segment, it completely reversed it's path and hiked by an amazing +4.55% compared to the slump of -3.64% it suffered in February. Equity markets are returning to a positive direction despite a month of extremely high volatility. The international segment gained +2.54% and the Swiss market followed the same bullish pattern by gaining +2.42%, however both asset classes are still in negative territory since the beginning of the year (-4.24% and -5.51%). Commodities continued their staggering rally in March and climbed another +8.55%. Since the beginning of the year, the best performing asset class in our indices has recorded an aggregated growth of +25.17%. The Private equity segment also performed slightly better after three months of strong correction (+0.17%). And finally, the Hedge Funds segment posted a neutral to slightly positive performance in March (+0.17%).

Financial market developments (performances in local currencies, USD)

The financial markets were heavily influenced in March by the numerous negative implications of the war in Ukraine. Among them, the risks of major disruptions in the supply of raw materials impacted the prices of energy (natural gas +21.4%, Brent +6.75%), agricultural products (cotton +10.25%) and industrial metals (nickel +29.59%). In a space of a few weeks, the acknowledgement of these new intensified insecurities has led to very significant increases in the prices of commodity indices (+9.63%) and has raised considerable concerns about the evolution of inflation. While inflation measures were already reaching historical records (> +7.5%/year), the risks of interruptions in gas, oil deliveries as well as other commodities have reinforced expectations of increased inflation. The economic sanctions imposed on Russia could indeed have severe inflationary consequences beyond Europe. The last five weeks have also been marked by hopes of diplomatic progress and disappointments that have increased the volatility of the financial markets, sometimes causing rapid and temporary trend reversals. At the end of the month, the announcement of the release of oil products from the US strategic reserves came at just the right time, while Russia demanded payment in rubles for gas purchases on the same day in order to maintain its deliveries to its customers. Europe does not seem to want to accommodate to these developments, and is now poised to experience the possible consequences. A new global paradigm for inflation and growth prospects is now emerging, which may well be called "stagflation". European households have not yet fully felt the effects of this crisis on their purchasing power, but when they do, the negative impact on consumption could well cause a return to economic decline in a number of countries during the second quarter. Fixed income markets reacted to this increase in inflationary risks by tumbling -3.05%, while equity markets did not have any concerns and rebounded by +2.54%.

PERFORMANCE OF ASSET CLASSES

MARCH

+ 8.55%	Commodities
+ 4.55%	International Real Estate
+ 2.54%	International Equities
+ 2.42%	Swiss Equities
+ 0.37%	Hedge Funds
+ 0.17%	Private Equity
- 0.56%	Swiss Real Estate
- 2.44%	International fixed Income
- 2.73%	Swiss fixed Income

YTD

+ 25.17%	Commodities
- 1.98%	Hedge Funds
- 2.39%	International Real Estate
- 4.17%	Swiss Real Estate
- 4.24%	International Equities
- 5.17%	International fixed Income
- 5.51%	Swiss Equities
- 6.06%	Swiss fixed Income
- 11.92%	Private Equity

COMMENTS BY ASSET CLASS

Fixed Incomes

The pressures on the bond markets continued in March. Yield curves have already undergone relatively significant upside adjustments in one month, averaging 50 basis pointsThe markets suffered losses of approximately -2.7% for Swiss bonds and -3.0% for international bonds. European bonds fell slightly less (-2.1%) than the US bonds (-2.7%). Inflationary fears remain the main factor that is affecting the developments in the capital markets in March. While geopolitical tensions are causing fears of major consequences for the supply and price of raw materials, the threats of such increases on household consumption and growth are still not sufficiently taken into account. However, rising energy prices are threatening household purchasing power and also consumption. Inflation may not decline as quickly as expected, but the risks of a cyclical slowdown could come back to the forefront and raise the threat of a certain type of stagflation in 2022.

Equities

Equity markets regained about +2.5% in March after reaching a dangerous climax in the first week of the month. This could be just a technical rebound after a "bear market" flash during the quarter. Margins and earnings expectations could come under pressure as the economy slows down in the next quarter.

Commodities

The commodities sector continues its dramatic rally, with an impressive cumulative year-to-date return of +25.17%. The war in Ukraine and geopolitical tensions between Russia and Europe continue to support pessimistic expectations about the supply of industrial metals like nickel as well as energy resources like oil & gas. These expectations are causing a surge in the prices of these assets, a phenomenon that should sustain overall inflation, which is currently hovering at record levels.

Real Esate

The real estate market is regaining a degree of interest in the financial markets. The international segment reversed its downward momentum and recorded one of the best performances during the month of March. The extremely high level of inflation in Europe and the US seems to reinforce the attractiveness of sectors that provide protection against this phenomenon.

BBGI OPP2 Compliant Indices (Monthly Indices)

Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	January 2022	February 2022	March 2022	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-1.66%	-2.41%	**-0.97%**	**-4.96%**	-4.96%				5.61%	5.15%
BBGI OPP2 Compliant "Medium Risk"	-1.96%	-2.43%	**-0.15%**	**-4.49%**	-4.49%				9.36%	5.52%
BBGI OPP2 Compliant "Dynamic Risk"	-2.26%	-2.45%	**0.67%**	**-4.02%**	-4.02%				13.22%	5.87%
Assets										
Swiss Bonds	-1.41%	-2.04%	**-2.73%**	**-6.06%**	-6.06%				-1.82%	3.64%
International Bonds	-0.52%	-2.30%	**-2.44%**	**-5.17%**	-5.17%				-1.72%	3.72%
Swiss Real Estate	-0.19%	-3.45%	**-0.56%**	**-4.17%**	-4.17%				7.32%	6.50%
International Real Estate	-3.11%	-3.64%	**4.55%**	**-2.39%**	-2.39%				25.63%	5.42%
Swiss Stocks	-5.67%	-2.20%	**2.42%**	**-5.51%**	-5.51%				23.38%	8.89%
International stocks	-2.97%	-3.76%	**2.54%**	**-4.24%**	-4.24%				22.05%	6.56%
Commodities *	8.71%	6.08%	**8.55%**	**25.17%**	25.17%				25.81%	-0.26%
Private Equity *	-7.34%	-5.11%	**0.17%**	**-11.92%**	-11.92%				49.92%	16.54%
Hedge Funds *	-1.92%	-0.43%	**0.37%**	**-1.98%**	-1.98%				2.55%	0.84%
* hedged in Swiss Francs										
Forex										
USD/CHF	1.57%	-1.12%	**0.62%**	**4.21%**	4.21%				3.81%	-2.74%
EUR/CHF	0.37%	-1.22%	**-0.72%**	**-5.55%**	-5.55%				-3.66%	-2.00%

****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