BBGI Group SA - Rue Sigismond-Thalberg 2 - 1201 Genève - Suisse
www.BBGI.ch

BBGI GROUP Global Investments

BBGI OPP2 COMPLIANT INDICES CHF

A BBGI exclusivity since 1999

May 2021

Swiss equities perform relatively well in May

POSITIVE PERFORMANCE FOR ALL BBGI OPP2 COMPLIANT INDICES IN MAY

BBGI OPP2 Compliant Index « Low Risk »	**+0.16%**	**(YTD +2.32%)**
BBGI OPP2 Compliant Index « Moderate Risk»	**+0.46%**	**(YTD +4.44%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+0.76%**	**(YTD +6.59%)**

Commentaries (performance in Swiss francs)

The BBGI OPP2 Compliant indices continue their positive trend, with all of them achieving good scores. Indeed, the low-risk index is slightly up in May (+0.16%), the moderate-risk strategy is also gaining ground (+0.46%) and the dynamic-risk index is climbing more significantly this month (+0.76%). Since the beginning of the year, the performances of the three strategies are all positive (respectively +2.32%, +4.44%, +6.59%). After a short-term increase in March (+0.49% in Switzerland and +1.87% internationally), the bond markets fell again in May. The domestic segment lost -0.25% while internationally the drop was more acute (-0.63%). The real estate sector had a mixed outcome in May. After two successive months of strong growth, the domestic segment fell marginally, losing -0.43%. The international segment continued to rise despite a slight weakness in the momentum (+0.13%). On the equity markets, it is the domestic segment that is doing well this month, gaining +3.45%. The international segment is slightly underperforming and shifting sideways (-0.01%). Commodities continued their rise that started in April and gained +2.65% driven by the recovery of gold and oil prices. The private equity sector, which achieved an exceptional performance of +10.54% last month, continued its spectacular growth despite a slight loss of momentum (+3.20%). The sector remains the leading asset class since the beginning of the year (+28.59%). The hedge fund segment remained in positive territory in May, gaining +0.30%.

Financial market developments (performance in local currencies, USD)

The April inflation figure of +4.2% published in May in the United States was one of the main surprises of the month by largely exceeding the consensus expectations. Inflation figures elsewhere were also higher than expected, fuelling the debate about a potential price recovery that is larger and more sustainable than initially expected. However, the Federal Reserve's statements were enough to contain these fears and allowed interest rates to remain relatively stable in this more uncertain context. This has enabled the capital markets to stabilize, probably temporarily, at higher levels than at the beginning of the year in most countries. The next inflation figures for May should follow the same pattern and revive fears of a rise in long-term rates, which are still very low despite the solid economic context expected for the second half of the year. In this environment, a steepening of the yield curves seems logical, while real yields should be somewhat more negative. Ten-year U.S. Treasury rates remain somewhat below their pre-crisis levels in February 2020, but across the board they have risen above their high levels following the March 2020 shock. However, the stock market climate remains relatively optimistic at the beginning of June and risky assets are still taking advantage of massive injections of liquidity. However, the end of the summer could already see a change in strategy by the Fed, which could announce a reduction in its securities repurchases as early as September. International equity markets declined slightly by -0.01%, while Swiss stocks rose by +3.45%. International real estate (+0.13%) continues to increase in value. Commodities recorded a very positive start to the year (+18.47%) and benefited from a favorable global environment. They also benefit from the new tensions caused in most segments by a significant increase in demand and limited supply.

PERFORMANCE BY ASSET CLASSES

May

+ 3.45%	Swiss Equities
+ 3.20%	Private Equity
+ 2.65%	Commodities
+ 0.30%	Hedge Funds
+ 0.13%	International Real Estate
- 0.01%	International Equities
- 0.25%	Swiss Fixed Income
- 0.43%	Swiss Real Estate
- 0.63%	International Fixed Income

YTD

+ 28.59%	Private Equity
+ 18.47%	Commodities
+ 15.13%	International Real Estate
+ 12.55%	International Equities
+ 10.06%	Swiss Equities
+ 2.85%	Hedge Funds
+ 0.95%	Swiss Real Estate
- 0.83%	International Fixed Income
- 1.61%	Swiss Fixed Income

COMMENTS BY ASSET CLASS

Fixed Income

The phase of adjustment of long-term rates that began in 2020 in certain countries became more widespread in 2021. The yield curves began to take into consideration the economic prospects that could result in significant and escalating inflationary effects. Countries which are ahead of the trend, such as the United States, Australia, Canada and China, have already experienced a first phase of adjustment. US price indices in particular are already above 2.5% and could easily break the 3% level in 2021. An appreciation of long-term rates in such a context will definitely not be deterred by the Fed's action. The correlation between bond markets should be high enough once again to impact international performance.

Equities

Equity markets are hesitant but remain more influenced by liquidity and strong economic growth prospects than by fundamentals. Increased taxes on US companies, the risk of declining profits, and historically high valuations are not worrying investors too much for the meantime. Technical and quantitative factors have also been at their highest levels in recent months, only marginally higher than the valuation figures. The overall risk is therefore elevated and the fear of missing out (FOMO) remains the most important factor supporting the current trend.

Commodities

Commodities are among the sectors that have seen their attractivity rise as the end of the health crisis appears closer (+4.19% in 2020 and already +18.47% in 2021). The economic support measures practiced by central banks throughout the pandemic paved the way for a return to rising prices against the weakening dollar. Historically, a weak dollar pushes producers to raise their prices and fuels a surge in demand, which is boosted by the reopening economies around the world. Two factors that contribute to the implementation of the 4th commodity **Supercycle** in less than a century. The green revolution may also support certain metals such as cobalt, lithium, zinc and copper. Uncontrolled inflation will drive precious metals to much higher levels.

BBGI OPP2 Compliant Indices (Monthly Indices)

Performances in Swiss Francs	3 months			YTD	Current Year				Annualized performances	
	March 2021	April 2021	May 2021	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2020	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	2.27%	0.34%	**0.16%**	**2.32%**	1.82%				2.63%	5.33%
BBGI OPP2 Compliant "Medium Risk"	2.92%	0.83%	**0.46%**	**4.44%**	3.11%				3.03%	5.65%
BBGI OPP2 Compliant "Dynamic Risk"	3.57%	1.32%	**0.76%**	**6.59%**	4.40%				3.37%	5.95%
Swiss Bonds	0.49%	-0.16%	**-0.25%**	**-1.61%**	-1.20%				2.92%	3.91%
International Bonds	1.87%	-2.01%	**-0.63%**	**-0.83%**	1.84%				5.85%	3.81%
Swiss Real Estate	2.43%	0.96%	**-0.43%**	**0.95%**	0.43%				20.68%	6.60%
International Real Estate	6.30%	2.22%	**0.13%**	**15.13%**	12.48%				20.46%	5.21%
Swiss Stocks	6.70%	1.17%	**3.45%**	**10.06%**	5.16%				30.59%	8.94%
International stocks	6.30%	1.14%	**-0.01%**	**12.55%**	11.29%				24.48%	6.60%
Commodities *	-2.23%	8.21%	**2.65%**	**18.47%**	6.65%				4.19%	-2.14%
Private Equity *	5.86%	10.74%	**3.20%**	**28.59%**	12.52%				38.24%	18.16%
Hedge Funds *	-0.18%	1.51%	**0.30%**	**2.85%**	1.01%				3.13%	0.94%
** hedged in Swiss Francs*										
Forex										
USD/CHF	3.86%	-3.23%	**-1.56%**	**1.55%**	6.60%				-8.42%	-2.88%
EUR/CHF	0.90%	-0.83%	**0.11%**	**1.65%**	2.38%				-0.40%	-1.74%

**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