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BBGI GROUP Global Investments

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

November 2022

Annualized performance of **+4.85%** to **+5.51%**

Positive trend continues in November

POSITIVE PERFORMANCES FOR ALL THREE BBGI OPP2 COMPLIANT INDICES IN NOVEMBER

BBGI OPP2 Compliant Index « Low Risk »	**+ 1.47%**	**(YTD -11.89%)**
BBGI OPP2 Compliant Index « Medium Risk »	**+ 1.79%**	**(YTD -11.98%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**+ 2.10%**	**(YTD -12.10%)**

Comments (performances in Swiss Francs)

The financial markets are continuing the upward trend that began in October. Indeed, the low-risk strategy advanced by +1.47% this month while the moderate-risk approach did slightly better (+1.79%). The dynamic risk strategy achieved the best performance of the month, climbing by +2.10%. All three strategies are still in negative territory since the beginning of the year (-11.89%, 11.98% and -12.10%). The bond markets are on either side of neutral performance in November. The Swiss segment continued its upward trend and further increased its momentum (+0.67% in October and +1.48% in November). In contrast, the international segment experienced a decline in October (-1.11%). Both asset classes are still in the red in YTD terms (-9.73% and -13.71% respectively). The real estate markets are both positive this month. The domestic segment is up +1.56% and reverses its negative trend of the last few months. Internationally the increase is even stronger (+2.58%).

Despite the good performance, the sector is still severely affected by the high interest rate environment that has characterised the year 2022 (-16.40% and -18.79% respectively since January). Equity markets continue the positive trajectory of last month, with the Swiss segment climbing by +2.87% while the international segment is slightly less buoyant (+2.42%). Equity markets have been enjoying a bullish rally since October and improved their cumulative performance but still remain negative in YTD terms (-13.65% and -11.29%). Commodities are still up in November (+2.29%) on the eve of the European embargo on Russian oil and refined products. Private equity repeated last month's excellent performance (+10.01%) and jumped again by +9.34%, reflecting a potential change in investor psychology at the end of 2022.

Financial market developments (performances in local currencies, USD)

The US inflation figures for October were the main factor affecting investor sentiment and the financial outlook in November. Inflation of +0.4% below expectations (+0.6%) for the overall index and +0.3% vs. +0.5% excluding food and energy triggered an adjustment of expectations largely favourable to all asset classes. Among our universe of 33 asset classes, 30 have indeed achieved a positive performance this month. The rather dramatic reversal in bond yields is a clear sign of this change in expectations. Ten-year US Treasury rates fell by 30 basis points on 10 November alone, triggering a downward trend that continued until the end of the month. This welcome decline in yields clearly relieved investors, who logically adjusted their outlook. However, recession risks were still present and still weighing on equity markets, although this factor has been partly relegated to the background. November's inflation may show a stabilisation allowing the Fed to reduce its next rate hike in December to 0.5%, with the maximum point of monetary tightening still expected to be 5% in June 2023. If the lower inflation regime persists, the yield curves could stabilise and provide the conditions for a recovery in financial assets.

PERFORMANCE OF ASSET CLASSES

NOVEMBER

+ 9.34%	Private Equity
+ 2.87%	Swiss Equities
+ 2.58%	International Real Estate
+ 2.42%	International Equities
+ 2.29%	Commodities
+ 1.56%	Swiss Real Estate
+ 1.48%	Swiss Bonds
- 0.18%	Hedge Funds
- 1.11%	International Bonds

YTD

+ 16.22%	Commodities
- 6.53%	Hedge Funds
- 9.73%	Swiss Bonds
- 11.29%	International Bonds
- 13.65%	Swiss Equities
- 13.71%	International Bonds
- 16.40%	Swiss Real Estate
- 18.79%	International Real Estate
- 28.24%	Private Equity

COMMENTS BY ASSET CLASS

Bonds

Correlation remained high between the various bond markets in November. The dispersion of performance was low within the developed markets, which rose by around +3%. Emerging markets (+6.63%) and the high yield segment (+5.01%) benefited the most from the significant improvement in investors' risk perception. The trend reversal observed in the United States is therefore spreading and improving the general sentiment of investors who are more inclined to reconstitute bond positions in a new context of reduced inflationary risks.

Equities

Equity markets reacted positively again in November to these developments, but uncertainty still prevails about the outlook for companies and their profits. Substantial stocks seem to be benefiting more of this renewed confidence, while technology stock indices are still poorly supported by lower interest rates. Risk appetite is returning, but it remains extremely uncertain and dependent on the inflation-rate relationship. While patience and caution are still required to achieve a greater degree of comfort, we believe that the conditions are more favourable for a constructive allocation.

Commodities

Commodities continue their positive trajectory as the European embargo on Russian crude oil and derivatives comes into effect. The simultaneous arrival of a cold snap in Europe is already impacting gas reserves. OPEC countries have maintained their decision to reduce production by 2 million barrels per day until the summer of 2023. Despite some fears of a possible recession next year, there is a possibility of increased tension in the energy market.

Real Estate

The securitised real estate segment continues its upward trend and is benefiting from a certain revival of interest from investors during the month of November. Indeed, after 9 months of decline over the first 10 periods of the year, the segment is benefiting from the easing of pressure on interest rates. The domestic segment advanced by +1.56% while the international segment was even stronger (+2.58%). Nevertheless, both asset classes are still in the red since the beginning of the year (-16.40% and -18.79%).

BBGI OPP2 Compliant Indices (Monthly Indices)										
	last 3 months			YTD	Current Year				Annualized performances	
Performances in Swiss Francs	September 2022	October 2022	November 2022	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-4.17%	1.61%	**1.47%**	**-11.89%**	-4.96%	-2.40%	-2.86%		5.61%	4.85%
BBGI OPP2 Compliant "Medium Risk"	-4.97%	2.34%	**1.79%**	**-11.98%**	-4.49%	-3.10%	-3.25%		9.36%	5.20%
BBGI OPP2 Compliant "Dynamic Risk"	-5.77%	3.06%	**2.10%**	**-12.10%**	-4.02%	-3.80%	-3.65%		13.22%	5.51%
Assets										
Swiss Bonds	-2.02%	0.67%	**1.48%**	**-9.73%**	-6.06%	-7.02%	-1.61%		-1.82%	3.47%
International Bonds	-4.22%	0.75%	**-1.11%**	**-13.71%**	-5.17%	-7.34%	-3.84%		-1.72%	3.65%
Swiss Real Estate	-4.38%	-1.11%	**1.56%**	**-16.40%**	-4.17%	-11.68%	-2.21%		7.32%	6.00%
International Real Estate	-11.39%	3.82%	**2.58%**	**-18.79%**	-2.39%	-10.28%	-8.98%		25.63%	4.80%
Swiss Stocks	-5.98%	4.84%	**2.87%**	**-13.65%**	-5.51%	-8.81%	-4.83%		23.38%	8.47%
International stocks	-8.78%	7.89%	**2.42%**	**-11.29%**	-4.24%	-10.56%	-3.88%		22.05%	6.23%
Commodities *	-8.38%	1.67%	**2.29%**	**16.22%**	25.17%	1.86%	-4.86%		25.81%	-0.87%
Private Equity *	-15.16%	10.01%	**9.34%**	**-28.24%**	-11.92%	-24.56%	-10.06%		49.92%	14.57%
Hedge Funds *	-1.24%	-0.15%	**-0.18%**	**-6.53%**	-1.98%	-3.83%	-0.15%		2.55%	0.44%
* hedged in Swiss Francs										
Forex										
USD/CHF	0.97%	1.45%	**-5.55%**	**3.59%**	4.21%	-3.13%	3.34%		3.81%	-2.50%
EUR/CHF	-1.58%	2.32%	**-0.58%**	**-5.15%**	-5.55%	0.16%	-3.37%		-3.66%	-2.08%

**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