

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

October 2022

Annualized performance
of **+4.82%** to **+5.47%**

Bullish rally on financial markets in October

POSITIVE PERFORMANCES FOR ALL THREE BBGI OPP2 COMPLIANT INDICES IN OCTOBER

BBGI OPP2 Compliant Index « Low Risk »	+ 1.61%	(YTD -13.17%)
BBGI OPP2 Compliant Index « Medium Risk »	+ 2.34%	(YTD -13.53%)
BBGI OPP2 Compliant Index « Dynamic Risk »	+ 3.06%	(YTD -13.91%)

Comments (performances in Swiss Francs)

The financial markets are starting the first month of the last quarter with a bullish rally. Indeed, all three BBGI OPP2 Compliant indices performed positively in October. The Low Risk index gained +1.61% while the moderate strategy did a little better and climbed by +2.34%. The dynamic risk approach performed the best, gaining +3.06%. In spite of this surge during the month, the overall very negative trend of the year 2022 is pulling the cumulative performances of the indices downwards (respectively -13.17%, -13.53% and -13.91%). The bond markets finally interrupted their strong downward trend this month. The domestic segment advanced by +0.67% while the international segment performed slightly better (+0.75%). Nevertheless, both asset classes are still in negative territory since January and have accumulated losses of -11.04% and -12.74% respectively. The real estate segment was on either side of neutral performance in October. Indeed, after having suffered greatly from the rise in interest rates, the segment seems to have calmed down. The domestic segment is reducing its bearish momentum but remains in the red (-1.11%), while the international segment is back on the rise in October (+3.82%). Both sectors are still very much down in YTD terms (-17.68% for the domestic segment and -20.84% for the international). The equity markets are regaining some color and are entering the fourth quarter on the rise. The Swiss equity class almost recovers the losses incurred in September (-5.98% and then +4.84% in October), while internationally the increase is even stronger (+7.89%). These good performances are not enough to make up for the heavy losses accumulated since January in an economic context that is very negative for equities (-16.06% in Switzerland and -13.38% internationally). Commodities also interrupted their negative trajectory by gaining +1.67% in October. The asset class remains the only one to post a positive performance over the last 10 months (+13.63%). Private equity rebounded in October and posted the best performance of the month (+10.01%), the renewed interest in risky assets testifying to investor optimism in October.

Financial market developments (performances in local currencies, USD)

October proved to be a more favorable month for risky assets, which instead recorded positive results. Among our universe of 33 asset classes, 22 have indeed achieved a positive performance this month. The stock market rallies are logically to be found in the equity markets, real estate, commodities and private equity. A certain amount of volatility and nervousness marked the interest rate markets, with an initial negative reaction to the announcement of higher-than-expected inflation in September and a low unemployment rate, which temporarily pushed US rates to new highs. A few days of consolidation then allowed yields to stabilize a little lower in most markets. This relative stabilization of yield curves at high levels was still enough to restore some enthusiasm among investors, who took advantage of the opportunity to reposition themselves a little in risky assets. The Fed's next 0.75% rate hike in November to 4% is a foregone conclusion and investors have taken on board the prospect of a continuation of the trend towards a target, now estimated at 5% in June 2023. The risks of a recession are still present, but as of December it now seems likely that the US Federal Reserve will change its policy. We then expect a first decrease in the size of the increase to only 0.5%, which could then be followed by smaller increases (0.25%) in 2023.

PERFORMANCE OF ASSET CLASSES

OCTOBER

+ 10.01%	Private Equity
+ 7.89%	International Equities
+ 4.84%	Swiss Equities
+ 3.82%	International Real Estate
+ 1.67%	Commodities
+ 0.75%	International Bonds
+ 0.67%	Swiss Bonds
- 0.15%	Hedge Funds
- 1.11%	Swiss Real Estate

YTD

+ 13.62%	Commodities
- 6.36%	Hedge Funds
- 11.04%	Swiss Bonds
- 12.74%	International Bonds
- 13.38%	International Equities
- 16.06%	Swiss Equities
- 17.68%	Swiss Real Estate
- 20.84%	International Real Estate
- 34.37%	Private Equity

COMMENTS BY ASSET CLASS

Bonds

The high correlation between bond markets remained present in October. The dispersion of performance is thus low, with the exception of the British case, which benefited from the forced change in monetary policy implemented by the BoE, in response to the reaction to the disaster caused on the market, by the "mini budget" and which recorded a rise of +3.25%. The magnitude of the movements is in fact small, with international bonds advancing by +0.75% and Swiss stocks also rising (+0.67%). The increase in risk premiums in the corporate IG segments but also in high yield is becoming attractive. The current yields seem attractive to us in view of the expected evolution of inflation and the economic slowdowns likely to occur at the end of the year.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	August 2022	September 2022	October 2022	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021	Annualized perf. fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	-2.29%	-4.17%	1.61%	-13.17%	-4.96%	-2.40%	-2.86%		5.61%	4.82%
BBGI OPP2 Compliant "Medium Risk"	-2.27%	-4.97%	2.34%	-13.53%	-4.49%	-3.10%	-3.25%		9.36%	5.16%
BBGI OPP2 Compliant "Dynamic Risk"	-2.26%	-5.77%	3.06%	-13.91%	-4.02%	-3.80%	-3.65%		13.22%	5.47%
Assets										
Swiss Bonds	-2.84%	-2.02%	0.67%	-11.04%	-6.06%	-7.02%	-1.61%		-1.82%	3.43%
International Bonds	-1.41%	-4.22%	0.75%	-12.74%	-5.17%	-7.34%	-3.84%		-1.72%	3.66%
Swiss Real Estate	-0.97%	-4.38%	-1.11%	-17.68%	-4.17%	-11.68%	-2.21%		7.32%	5.97%
International Real Estate	-3.78%	-11.39%	3.82%	-20.84%	-2.39%	-10.28%	-8.98%		25.63%	4.71%
Swiss Stocks	-3.06%	-5.98%	4.84%	-16.06%	-5.51%	-8.81%	-4.83%		23.38%	8.41%
International stocks	-1.36%	-8.78%	7.89%	-13.38%	-4.24%	-10.56%	-3.88%		22.05%	6.17%
Commodities *	-0.16%	-8.38%	1.67%	13.62%	25.17%	1.86%	-4.86%		25.81%	-1.06%
Private Equity *	-7.61%	-15.16%	10.01%	-34.37%	-11.92%	-24.56%	-10.06%		49.92%	13.72%
Hedge Funds *	0.75%	-1.24%	-0.15%	-6.36%	-1.98%	-3.83%	-0.15%		2.55%	0.46%
* hedged in Swiss Francs										
Forex										
USD/CHF	2.64%	0.97%	1.45%	9.68%	4.21%	5.06%	3.34%		3.81%	-2.50%
EUR/CHF	1.00%	-1.58%	2.32%	-4.60%	-5.55%	1.75%	-3.77%		-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

Equities

Equity markets reacted positively, but still without much enthusiasm to the stabilization of the yield curves in October. Despite the uncertainty linked to the publication of third quarter results, international markets still rebounded by +7.89%, after a very sharp correction in September (-8.78%). In Switzerland, the recovery was more timid (+4.84%). Risk appetite is thus returning, but it remains extremely uncertain and dependent on the inflation-rate pair. While patience and caution are still required to achieve a greater degree of comfort, we believe that the conditions are more favorable for a constructive allocation.

Commodities

Commodities also interrupted their downward trend and returned to the upside (+1.67%). The sector is pulled up by the good performance of crude oil prices during the month following the announcement of OPEC+ production cuts. Indeed, the cartel took the decision to drastically reduce its production level in order to address the potential decline in demand due to macroeconomic factors



Real Estate

The securitized real estate segment had a mixed month in October. Indeed, the Swiss market is down by -1.11% but is nevertheless reducing its negative momentum (-4.38% in September). Internationally, however, the negative trajectory was interrupted this month by a temporary easing of the pressure of interest rate at the end of the month, the sector climbed by +3.82%. Nonetheless, both asset classes have remained very clearly negative since January (-17.68% and -20.84%).

The systematic diversified strategies of the BBGI OPP2 COMPLIANT indexes have produced returns of +4.82% to +5.47% annualised since 1984 to date.

The composition of our indices is available upon request.