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BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

April 2022

Annualized performance Of +5.56% to +6.79%

The bearish trend is back and impacting financial markets

NEGATIVE PERFORMANCE FOR ALL THREE BBGI PRIVATE BANKING USD INDICES IN APRIL

BBGI OPP2 Compliant Index « Low Risk »	**- 4.63%**	**(YTD - 8.25%)**
BBGI OPP2 Compliant Index « Medium Risk »	**- 4.93%**	**(YTD - 7.66%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**- 5.23%**	**(YTD - 7.07%)**

Comments (performances in Swiss Francs)

In April the downward trend is back and affects all financial markets. Indeed, the three BBGI Private Banking USD indices all recorded negative performances this month. The low-risk index is down by -4.63% while the moderate risk strategy is slightly worse and gives up -4.93%. The dynamic risk index suffered from its broader exposure to equities and alternative investments and it dropped more significantly by -5.23%. The bond markets are in the red this month, the domestic segment continues its downward trend started at the beginning of the year and loses -3.07% while on the international side the decline is even stronger (-5.88%). The equity markets are also affected by the widespread market correction. The international segment fell sharply by -6.28%, continuing its negative trend, while the domestic segment plunged by -9.09% in April, wiping out all the gains made during the previous period (+3.48%). The private equity sector collapsed in April (-12.85%), the segment realizing the worst performance of the month and cumulative since the beginning of the year (-23.38%). The hedge fund sector fell back into negative territory (-0.90%) after a very short-lived rebound in March (+0.48%). The international real estate sector also fell, but held up slightly better than half of the other asset classes (-5.44%); it nonetheless wiped out the gains made during March. Commodities were unsurprisingly the only asset class to benefit from the unstable geopolitical conditions and tensions in the energy market and recorded the best performance of the month (+5.12%). The sector reached +39.94% of cumulative gain in 4 months, far ahead of all the other asset classes which were all negative.

Financial market developments (performances in local currencies, USD)

After a short interruption in March, the month of April marked the resumption of the bear market trend, once again affecting all asset classes except commodities. The war in Ukraine remained the main factor destabilizing the markets through its indirect consequences on inflation and growth. The return to the forefront of Covid19 in China was also a major source of concern for the global macroeconomic scenario, which was also threatened by monetary tightening in the United States. Energy prices have risen consistently as the tensions between the European and Russian governments have intensified. Europe is seeking to free itself from its dependence on Russian supplies and realizes that alternatives are both costly and difficult to implement. While Europe is looking for new suppliers, a new step has now been taken by Russia, by ending gas deliveries to Poland and Bulgaria which could happen with other countries in the near future. The spiral leading to an interruption of Russian deliveries to Europe is now underway. While inflation is spreading around the world, sometimes reaching historic highs, economic growth is already plummeting. The -1.4% contraction of the US GDP in Q1 surprised all the economists & observers especially after the +6.9% increase in Q4 2021. Europe should also logically announce a clear contraction of its economy. We were announcing a new global paradigm for inflation and growth prospects that is already materializing, which validates our stagflation scenario. The interest rate markets continued to adjust to this new situation. The international fixed income markets fell by 5.88% in one month and by 3.07% in the US. A similar decline hit the international equity markets (-6.28%) and particularly the US (-9.09%), while private equity collapsed by -12.85%. Real estate, which behaves better in times of stagflation, still slipped by -5.44% (YTD), whereas commodities were the only ones to benefit from this environment, by gaining +4.00% over one month and +39.94% YTD.

PERFORMANCE OF ASSET CLASSES

APRIL

+ 5.12%	Commodities
- 0.90%	Hedge Funds
- 3.07%	US Fixed Income
- 5.44%	International Real Estate
- 5.88%	International Fixed Income
- 6.28%	International Equities
- 9.09%	US Equities
- 12.85%	Private Equity

YTD

+ 39.94%	Commodities
- 2.58%	Hedge Funds
- 8.35%	US Fixed Income
- 9.00%	International Real Estate
- 11.38%	International Equities
- 11.96%	International Fixed Income
- 13.91%	US Equities
- 23.38%	Private equity

COMMENTS BY ASSET CLASS

Fixed Income

Rate adjustments continued in April in the bond markets. The yield curves are rising again as tensions continue to build on the various inflation measures. The ten-year Treasury Yields continued to rise quite sharply from 2.33% to 2.9% over the month, while the 5-year yield also rose from 2.45% to 2.92% during the same period. In Europe, the trend is similar, with the ten-year rates progressing from 0.54% to 0.94%. The fixed income markets have suffered additional losses of -3.07% for the US bonds and -5.88% for the international bonds. Inflationary risks are still rising under the threat of renewed pressure on the energy prices and the commodity supply disruptions. The U.S. economy could enter into a recession period as early as the 2nd quarter and confirm the announced stagflation scenario. The bond markets are consequently still under considerable pressure and probably not ending soon.

Equities

Equity markets are not expected to react positively to the stagflation scenario that is taking shape. Margins and earnings prospects will be under pressure in several key sectors of the global stock market indices. Rising interest rates also threaten the previous PE expansion cycle, which is now expected to contract. The actual environment of monetary tightening and reduced liquidity is no longer favorable for stocks.

Commodities

The commodities sector continues its spectacular ascension. The asset class achieved once more the best performance of the month, climbing by +5.12%. Geopolitical tensions in Europe have not eased and pressure on the energy market remains very present. The sector reached +39.94% of the year-to-date performance, which puts it far ahead of all the other asset classes. This growth is due to the fact that the sector is still under constant strain.

Real Estate

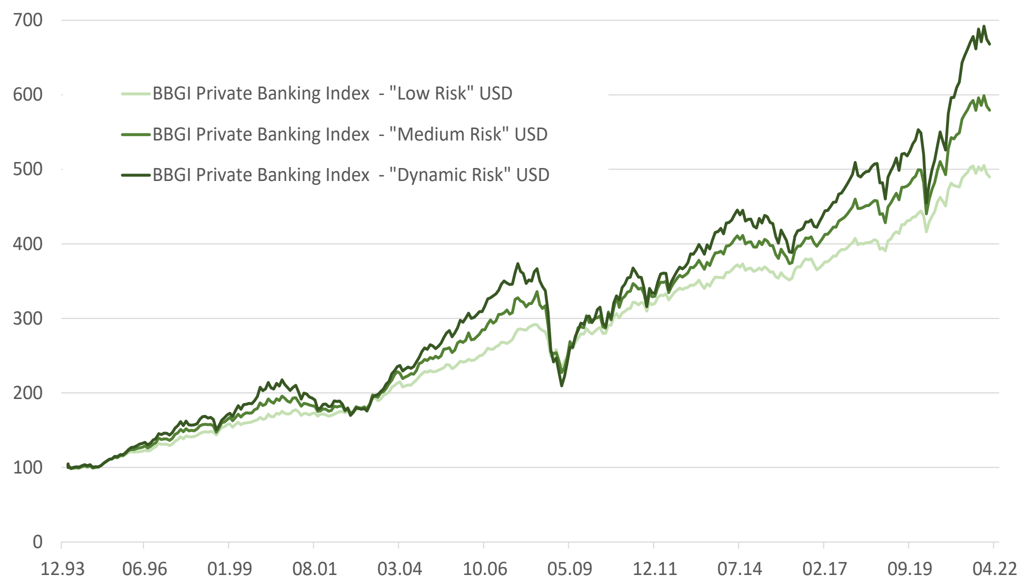
After a clear rebound of +4.61% on the international market in March, the real estate sector has fallen back under the neutral level of performance. However, in comparison with the other asset classes, it proved to be more resilient to the global bearish movement that affected all the markets in April. Historically, the real estate sector has performed better than the other asset classes during periods of stagflation. This is a situation that seems to be materializing, judging by the quarterly economic growth figures for Europe and the United States.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	January 2022	February 2022	March 2022	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2021	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-0.88%	-0.78%	-4.63%	-8.25%	-3.79%				4.96%	5.56%
BBGI Group PBI "Medium risk" (45% fxd income)	-0.94%	0.40%	-4.93%	-7.66%	-2.87%				10.40%	6.22%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-0.99%	1.58%	-5.23%	-7.07%	-1.95%				16.05%	6.79%
Sub-Indices										
US Bonds	-0.74%	-2.96%	-3.07%	-8.35%	-5.45%				-2.30%	4.29%
International Bonds	-1.06%	-3.42%	-5.88%	-11.96%	-6.46%				-6.97%	3.80%
US Equities	-2.97%	3.48%	-9.09%	-13.91%	-5.31%				26.45%	9.55%
International Equities	-1.98%	0.16%	-6.28%	-11.38%	-5.44%				7.82%	5.27%
Private equity	-5.26%	0.11%	-12.85%	-23.38%	-12.08%				51.75%	9.05%
Hedge Funds	-0.36%	0.48%	-0.90%	-2.58%	-1.69%				3.68%	5.69%
International Real Estate	-2.43%	4.61%	-5.44%	-9.00%	-3.77%				27.21%	7.51%
Commodities	8.77%	9.63%	5.12%	39.94%	32.13%				40.35%	2.20%
Forex										
USD/EUR	0.13%	1.37%	4.97%	7.87%	2.76%				7.42%	-1.18%

The **BBGI Group Private Banking indices** can be obtained free of charge from the BBGI Group Analysis & Research Department (reception@bbgi.ch).
They provide the first objective benchmarks for the performance of the wealth management industry.

Sources : Bloomberg, BBGI Group SA



Sources : Bloomberg, BBGI Group SA