

BBGI PRIVATE BANKING INDICES USD

A BBGI exclusivity since 1999

December 2021

Sharp recovery in commodities at the end of the year 2021

POSITIVE PERFORMANCE FOR THE THREE BBGI PRIVATE BANKING INDICES IN DECEMBER

BBGI Private Banking Index « Low Risk »	+1.33%	(YTD +4.96%)
BBGI Private Banking Index « Medium Risk »	+2.23%	(YTD +10.40%)
BBGI Private Banking Index « Dynamic Risk »	+3.12%	(YTD +16.05%)

Comments (performances in USD)

The three BBGI Private Banking USD indices are back in positive territory for the last month of the year 2021. Indeed, the low-risk index increased by +1.33%, erasing the losses incurred in November, the medium risk index performed better and climbed by +2.23% while the dynamic risk strategy achieved the best performance and gained +3.12%. Throughout the year 2021, the three BBGI strategies have recorded very positive cumulative returns (respectively +4.96%, +10.40% and +16.05%). The bond markets were both in negative territory at the end of the year. The US segment reversed its slightly positive trend of the last few months and lost -0.56%. The international segment continued its decline and fell by another -0.62%. Equity markets have recovered from the panic that swept through them during the previous month. Indeed, international equities returned to the upside and gained +4.13%. In the United States, the movement was very similar, with the stock market progressing by +3.92%, which erased the losses of November (-1.05%). The private equity sector still ended December up (+0.60%). This sector, which massively attracted investors in 2021, achieved the best cumulative performance of the year for all asset classes combined (+51.75%). The hedge fund segment posted a modest final performance for the year (+0.51%), in line with its overall performance throughout the period (+3.26%). The real estate market recovered its attractiveness for investors at the end of the year. The international segment performed very well with +6.44%, completely erasing the losses of the month of November (-2.18%). Commodities also performed very well in December (+7.59%), buoyed by the rise in crude oil prices after a major correction following the discovery of a new Covid-19 variant in November.

Financial market developments (performances in local currencies)

Most markets ended the year positively and with a surge of defiance towards the Omicron variant. Despite the explosion of contaminations in most countries and the new sanitary restrictions imposed, sometimes even to the point of confinement, the financial markets were indeed convinced that the new variant was less dangerous. They were quick to dismiss the initially perceived greater risks of a cyclical slowdown. As soon as the severity of the Omicron variant appeared to be without major risk to the economic outlook, optimism began to prevail once again. The Covid factor will therefore not have restored its influence on investor psychology for long. The year 2021 ends with a rather satisfactory global economic performance and the outlook for 2022 supports the general optimism. December was nevertheless highlighted by the first rate hike in the United Kingdom since the emergence of the pandemic. The Fed also moved the target date for the end of its securities purchase program from June to March. Inflation is now perceived by central banks as more persistent, which has also revived the growing pressure on the capital markets, which was only temporarily interrupted by the appearance of the Omicron variant. The correlation between the bond markets was once more materialized by similar adjustments on the yield curves in different currencies. In this context, the equity markets (+4.13%) took advantage of the situation at the end of the year and recorded new highs, particularly in the United States (+3.92%). International real estate (+6.44%) also enjoyed the rebalancing of investors, while commodities soared by +7.59%, driven by a further increase in energy prices (+13.64%). Finally, this year was a good one overall for investors who had well-balanced portfolios.

PERFORMANCE BY ASSET CLASSES (USD)

DECEMBER

+ 7.59%	Commodities
+ 6.44%	International Real Estate
+ 4.13%	International Equities
+ 3.92%	US Equities
+ 0.66%	Private Equity
+ 0.51%	Hedge Funds
- 0.56%	US Fixed Income
- 0.62%	International Fixed Income

FULL YEAR 2021

+ 51.75%	Private Equity
+ 40.45%	Commodities
+ 27.21%	International Real Estate
+ 26.45%	US Equities
+ 7.82%	International Equities
+ 3.68%	Hedge Funds
- 2.30%	US Fixed Income
- 6.97%	International Fixed Income

COMMENTS BY ASSET CLASS

Fixed Income

Bearish performance for most of the bond markets, which returned to a negative pattern in December. After the initial uncertainties linked to the appearance of the Omicron variant, the general sentiment has now improved. The risks of re-confinement and negative consequences on economic growth prospects for 2022 have been reassessed and downgraded. The year 2021 proved to be negative for the fixed income markets, with losses in the main currencies ranging from -0.16% (YEN) to -9.01% (AUD) for an average result of -4.71%. Central banks have become increasingly convinced of the persistence of inflation and the first steps towards normalizing monetary policies have been taken in the United States and the United Kingdom.

Equities

Equity markets have ended the year on a clearly positive and optimistic note. The economic outlook is solid for 2022 and corporate profit growth is not being challenged. The month of December contributed significantly to the growth of the stock market indices over the year as a whole, with an average increase of +4.13%, bringing the performance of international equities to +7.82% in 2021. Equity PEs with a 12-month timeframe are declining in some countries, but relative historical valuations leave the US in particular, at very high levels.

Commodities

After the announcement of the discovery of a new variant of Covid 19 at the end of November, crude oil prices were severely punished by a decline of -20.81%. However, in December the panic visibly gave way to a more subdued sentiment on the part of investors who re-considered the long-term impact of this new variant on the economy. Indeed, crude oil prices rose substantially in December (+13.64%) with the black gold gaining +55% over the year. Gold is also in positive territory (+3.08%) despite a disappointing year (-3.64%). The commodities ended the year in a very strong manner (+7.59% and 40.35% YTD).

Private Equity

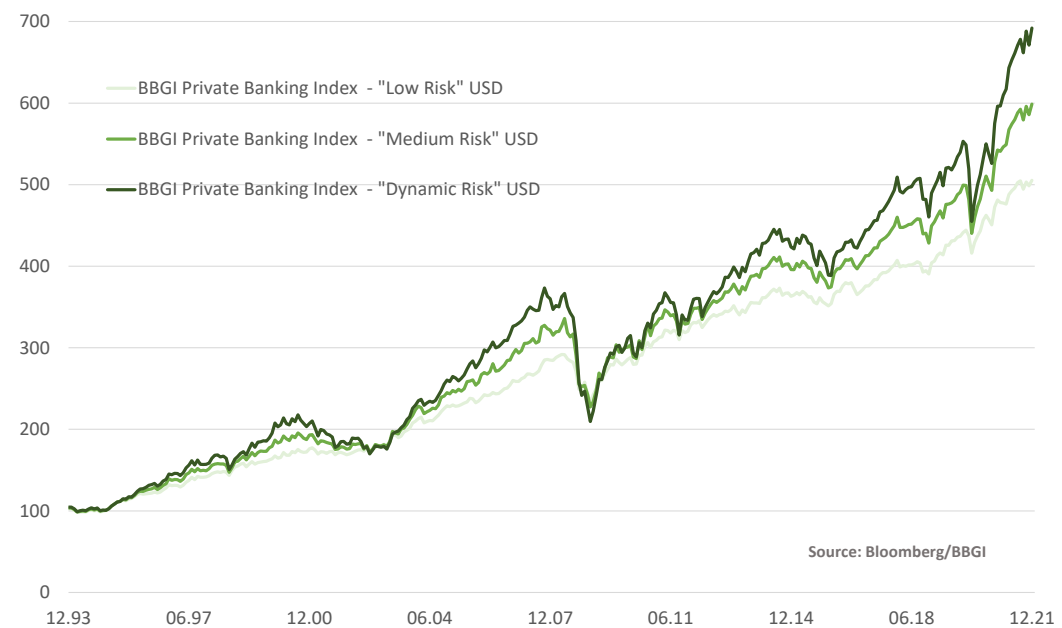
During a year of extremely accommodating monetary policy and zero interest rates, the high-risk private equity segment attracted all investors looking for yield. This movement sustained the sector's stratospheric growth over the period and allowed it to post a return of +51.75%.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Performances	
	October 2021	November 2021	December 2021	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2020	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	1.79%	-0.93%	1.33%	4.96%	-1.04%	6.58%	-6.34%	5.77%	9.08%	5.96%
BBGI Group PBI "Medium risk" (45% fxd income)	2.91%	-1.72%	2.23%	10.40%	1.20%	5.92%	-7.51%	10.78%	8.60%	6.60%
BBGI Group PBI "Dynamic risk" (25% fxd income)	4.02%	-2.50%	3.12%	16.05%	3.48%	5.25%	-8.71%	16.03%	7.79%	7.15%
Sub-Indices										
US Bonds	0.02%	0.81%	-0.56%	-2.30%	-4.33%	7.50%	-3.65%	-1.82%	7.98%	4.67%
International Bonds	-0.41%	-0.07%	-0.62%	-6.97%	-5.68%	8.30%	-5.91%	-3.68%	10.11%	4.32%
US Equities	6.95%	-1.05%	3.92%	26.45%	5.37%	5.96%	-7.60%	22.72%	22.73%	10.26%
International Equities	2.39%	-4.50%	4.13%	7.82%	3.49%	0.24%	-7.29%	11.38%	10.65%	5.79%
Private equity	12.24%	-2.18%	0.66%	51.75%	12.86%	12.64%	-19.08%	45.33%	10.47%	10.20%
Hedge Funds	0.90%	-1.29%	0.51%	3.68%	1.29%	0.67%	-2.06%	3.79%	6.82%	5.86%
International Real Estate	6.00%	-2.18%	6.44%	27.21%	6.11%	7.55%	-14.56%	28.12%	-8.22%	7.96%
Commodities	5.80%	-10.82%	7.59%	40.35%	48.71%	-31.17%	-19.81%	42.62%	-28.73%	1.00%
Forex										
USD/EUR	2.01%	0.14%	1.95%	7.73%	4.14%	-2.32%	3.79%	0.06%	-5.99%	-1.25%

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



The systematically diversified strategies of the BBGI Private Banking Indices have generated annualized returns ranging from +5.96% to +7.15% since 1993 to date

The composition of our indices is available upon request