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BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

June 2022

Annualized performance
Of +5.38% to +6.50%

The downward trend resumes in June

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

BBGI Private Banking Index « Low Risk »	**- 3.93%**	**(YTD - 11.77%)**
BBGI Private Banking Index « Medium Risk »	**- 5.27%**	**(YTD - 12.37%)**
BBGI Private Banking Index « Dynamic Risk »	**- 6.61%**	**(YTD - 13.00%)**

Comments (performances in Swiss Francs)

The downward trend increased in June and pushed the BBGI Private Banking indices below neutral performance. Indeed, the low risk index is down by -3.93% this month while the moderate risk strategy follows the same path and is down by -5.27%. The dynamic risk index is the worst performer, falling by -6.61%, the worst performance since March 2020. The bond markets are in the red once again in June. The domestic segment achieved the best performance of the month, losing only -0.72%. The international segment, on the other hand, fell by -3.15% after having been close to neutral in May (-0.07%). Equities did not escape the general trend and also declined. The domestic segment plunged by -8.32% this month, while the international segment experienced a very similar decline (-8.60%). The private equity segment collapsed again in June (-14.84%) after having made a lightning passage into positive territory last month (+2.73%). The asset class achieved the worst cumulative performance since the beginning of the year (-32.97%). Hedge funds are once again in negative territory but are proving relatively resilient in this strongly bearish market (-1.80%). The real estate sector continued its negative trend and fell once again (-8.56%). Commodities are experiencing their first period of correction since the beginning of the year. Indeed, the sector has been strongly influenced by the fall in crude oil prices, which interrupted a 5-month consecutive rise. Nevertheless, the sector is still well ahead in the YTD table, with a cumulative gain of +35.80% since January.

Financial market developments (performances in local currencies, USD)

The first half of the year was one of the worst in history, with all asset classes down by between -10% (Swiss bonds) and -27% (PE) with the exception of commodities (+35.8%). The month ended with another unexpected rebound with the publication of the Atlanta Fed's GDPNow, which went from +0.7% on 28 June to -2.08% on July 1st and suggests that the US economy is already in recession. Expectations of an induced slowdown for the end of the year due to the fall in household purchasing power following the rise in prices will have to be reassessed. After having suffered a brutal exacerbation of fears of uncontrolled inflation during the publication of the US CPI on 10 June (+8.6% yoy), which simultaneously provoked a jump of more than 50 basis points in most long-term yields in three days, a fall of around -10% in the equity markets and a forced 75 bp rise in the Fed, fears of recession are once again the main source of concern. The spectre of recession has pushed inflationary fears into the background, and rightly so in our view, as a number of indicators are already pointing logically towards a reduction in tensions in the context of growing economic weakness. The financial markets are at a loss and so is the Fed, which will certainly appear to be at odds with the current economic situation once again in this context. Barely three days of rate hikes will have been enough to cause panic in all sectors, but a normalisation is already taking place in the financial markets, with long-term yields adjusting rapidly to this new paradigm. The rise in rates was thus short-lived and did not withstand the increasing signs of economic slowdown. The yield curves rapidly retracted under levels that prevailed prior to 10 June. WTI crude oil (-7.7%), US gas (-33.4%) and agricultural commodities (-11.9%) also fell sharply in June and will contribute to the loss of inflation momentum in the coming weeks.

PERFORMANCE OF ASSET CLASSES

JUNE

- 0.72%	US Bonds
- 1.80%	Hedge Funds
- 3.15%	International Bonds
- 7.64%	Commodities
- 8.32%	US Equities
- 8.56%	International Real Estate
- 8.60%	International Equities
- 14.84%	Private equity

YTD

+ 35.80%	Commodities
- 5.38%	Hedge Funds
- 8.90%	US Bonds
- 14.79%	International Bonds
- 18.42%	International Equities
- 20.35%	International Real Estate
- 21.29%	US Equities
- 32.97%	Private equity

COMMENTS BY ASSET CLASS

Fixed Income

Changes in expectations were extreme in June, ranging from +50 bps in a widespread panic over the risks of a relaunch of an uncontrolled inflationary spiral, before correcting these excesses with stronger cuts in the more rational perspective of a slowing economy. The capital markets now fear recession more than inflation, which may already be curbed by the increasingly visible decline in consumption. Ten-year US Treasury yields initially rose by 50 bps to 3.49% before falling rapidly to 2.88% at the end of the month. In Europe and Switzerland, ten-year government yields In Europe and Switzerland, ten-year government yields, which had reached 1.92% and 1.59% respectively in the context of the panic mentioned above, fell back to 1.18% and 0.92%, despite inflation rising to +3.4% YoY in Switzerland.

Equities

Unlike the bond markets, the equity markets remained frozen in their post rate shock of 10 June, with no real positive reaction following the impressive fall in yields observed subsequently in most markets. Risk appetite has not yet returned. Investors still fear the onset of an earnings and the fact that the correction has mainly been realised in the form of falling prices (P). The economic factor is weighing on the profit outlook.

Commodities

The commodities sector is experiencing its first period of decline since the beginning of the year. The asset class lost -7.64% in June, dragged down by the price of crude oil, which fell by -7.7%. Gas is not left behind either, as the commodity collapsed by about -33%. A drop that could relieve somewhat the inflationary pressures that have been the focus of investors' attention for some months. The sector is still clearly in the lead in the YTD table and is even the only asset class in positive territory with a cumulative gain of +32.79%.

Real Estate

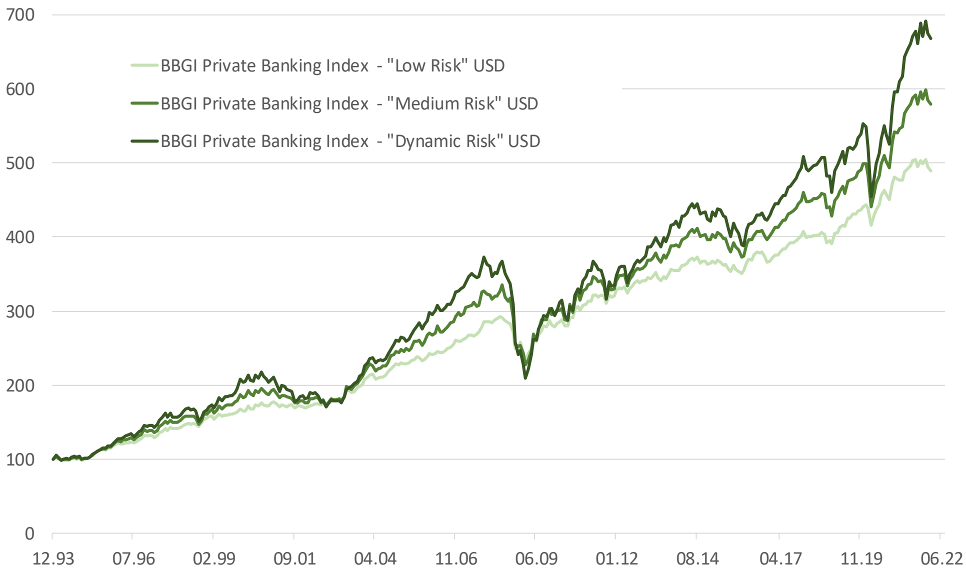
The sector is sinking in its negative trend. Indeed, the asset class fell by -8.56% after having already given up -5.44% in April and -4.28% in May. The sector now has a cumulative loss of -20.35% since the beginning of the year, which places it at the bottom of the YTD performance table in 2022.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	April 2022	May 2022	June 2022	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2021	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-4.63%	0.11%	-3.93%	-11.77%	-3.79%	-8.29%			4.96%	5.38%
BBGI Group PBI "Medium risk" (45% fxd income)	-4.93%	0.18%	-5.27%	-12.37%	-2.87%	-9.78%			10.40%	5.99%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-5.23%	0.25%	-6.61%	-13.00%	-1.95%	-11.27%			16.05%	6.50%
Sub-Indices										
US Bonds	-3.07%	0.12%	-0.72%	-8.90%	-5.45%	-3.65%			-2.30%	4.24%
International Bonds	-5.88%	-0.07%	-3.15%	-14.79%	-6.46%	-8.91%			-6.97%	3.66%
US Equities	-9.09%	-0.27%	-8.32%	-21.29%	-5.31%	-16.87%			26.45%	9.15%
International Equities	-6.28%	0.72%	-8.60%	-18.42%	-5.44%	-13.73%			7.82%	4.93%
Private equity	-12.85%	2.73%	-14.84%	-32.97%	-12.08%	-23.75%			51.75%	8.48%
Hedge Funds	-0.90%	-1.10%	-1.80%	-5.38%	-1.69%	-3.75%			3.68%	5.55%
International Real Estate	-5.44%	-4.28%	-8.56%	-20.35%	-3.77%	-17.23%			27.21%	6.96%
Commodities	5.12%	5.07%	-7.64%	35.80%	32.13%	2.01%			40.35%	2.08%
Forex										
USD/EUR	4.97%	-1.77%	2.38%	8.48%	2.76%	5.58%			7.42%	-1.03%

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