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BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES AND INDICES USD

A BBGI exclusivity since 1999

March 2022

Annualized performances of **+5.76% to +7.01%**

Equity markets rebound at the end of the month despite geopolitical tensions

POSITIVE PERFORMANCES FOR TWO OF THE THREE BBGI PRIVATE BANKING USD INDICES IN MARCH

BBGI Private Banking Index « Low Risk »	**- 0.78%**	**(YTD - 3.79%)**
BBGI Private Banking Index « Medium Risk »	**+ 0.40%**	**(YTD - 2.87%)**
BBGI Private Banking Index « Dynamic Risk »	**+ 1.58%**	**(YTD - 1.95%)**

Comments (performances in USD)

In March, two of the three BBGI Private Banking USD indices achieved positive performances. Only the low-risk index is in slightly negative territory again (-0.78%). The moderate risk strategy is slightly above the zero-performance line (+0.40%) while the dynamic strategy took advantage of its higher exposures to equities, commodities and real estate and recorded an appreciation of +1.58%. The bond market on the other hand continued its decline and accentuated its bearish trend. The domestic segment dropped by -2.96%, while the international segment plunged even more (-3.42%). The equity segment, on the other hand, returned to the upside in March. The US equities achieved the best performance of the segment by climbing +3.48% despite the macroeconomic and geopolitical climate remaining extremely unfavorable. The strength of international equities was much more modest, gaining only a meager +0.16%. The private equity sector recovered a little and interrupted its free fall of the last few months by gaining +0.11%, although the asset class remains very strongly bearish on a year-to-date basis (-12.08%). The hedge fund segment continued its relatively neutral but slightly positive trend this month (+0.48%). The real estate segment has regained interest in the eyes of investors (+4.61%), who certainly see it as a way to protect themselves against record inflation levels in the United States and Europe. The commodities segment was again the best performer of the month, still being driven by the ongoing and drastic geopolitical conditions and the very severe sanctions against Russia (+9.63%).

Financial market developments (performances in local currencies)

The financial markets were heavily influenced in March by the many potential consequences of the war in Ukraine. Among them, the increasing risks of major disruptions in the supply of commodities impacted the prices of energy (Natural Gas +21.4%, Brent +6.75%), agricultural products (Cotton +10.25%) and metals (Nickel +29.59%). In the space of a few weeks, the consideration of these new anxieties provoked very significant increases in the prices of commodity indexes (+9.63%) and raised major concerns about the outlook on inflation. While the inflation measurements were already reaching historical records (> +7.5%/year), the risks of disruption of gas, oil and other commodity deliveries reinforced the increase in commodity prices. The stringent economic sanctions applied to Russia could indeed be followed by reactions with severe inflationary consequences developing beyond Europe. The last five weeks have also been marked by hopes of diplomatic progress and disappointments that have increased the volatility of the financial markets, sometimes causing rapid and temporary reversals of trend. At the end of the month, the announcement to release a portion of the American strategic oil reserves came at the right time, while on the same day Russia demanded payment in Rubles for gas purchases in order to maintain its deliveries to its customers. Europe does not seem to want to comply with these demands and is therefore prepared to suffer the possible consequences. A new global paradigm for inflation and growth prospects is now emerging, which may well be called « stagflation ». European households have not yet fully perceived the effects of this crisis on their purchasing power, but when they do, the negative impact on consumption may well trigger a return to an economic contraction in some countries during the second quarter. Fixed income markets reacted to this increase in inflationary risks by falling by -3.05% on average, while equity markets were not affected and partially recovered, especially in the US (+3.48%).

PERFORMANCE BY ASSET CLASS (USD)

MARCH

+ 9.63%	Commodities
+ 4.61%	International Real Estate
+ 3.48%	US Equities
+ 0.48%	Hedge Funds
+ 0.16%	International Equities
+ 0.11%	Private Equity
- 2.96%	US Fixed Income
- 3.42%	International Fixed Income

YTD

+ 33.13%	Commodities
- 1.69%	Hedge Funds
- 3.77%	International Real Estate
- 5.31%	US Equities
- 5.44%	International Equities
- 5.45%	US Fixed Income
- 6.46%	International Fixed Income
- 12.08%	Private Equity

COMMENTS BY ASSET CLASS

Fixed Income

Ongoing pressure on the bond markets in March. The yield curves have been adjusted considerably higher in one month, by an average of 50 basis points. The markets suffered losses of around -2.96% for US bonds and -3.42% for international bonds. Inflationary fears remain the main factor affecting financial markets in March. While geopolitical crises are raising fears of major consequences for the supply and prices of commodities, the threats of such increases on household consumption and growth are still insufficiently taken into account by the public. Yet, rising energy prices threaten household purchasing power and consumption. Inflation may not decline as quickly as expected, but it is the risks of a cyclical contraction that could come back to the foreground and raise the threat of a form of « stagflation » in 2022.

Equities

The US equity markets recovered in March by gaining 3.48% after having reached a climax of concern during the first week of the month. This could be just a technical rebound after the short bear market that was witnessed during this first quarter. The margins and earnings outlook could come under important pressure as the economy continues to slowdown in the next quarter.

Commodities

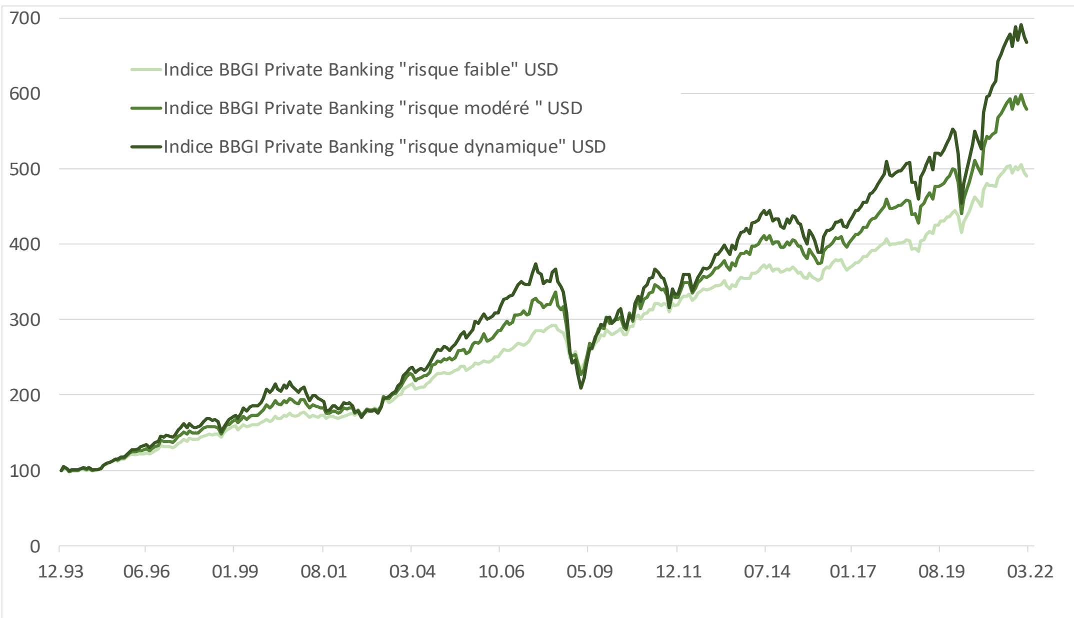
The commodities sector continues its dramatic ascent, with a compounded gain of an outstanding +33.13% on a year-to-date basis. The war in Ukraine and the geopolitical crisis between Russia, Europe and the US continue to support negative forecasts about the supply of industrial metals such as Nickel and as well as the indispensable energy supplies. These expectations are pushing prices of these assets to soar, a move that is expected to result in an even higher global inflation, which is already at record levels.

Real Estate

The Real Estate market is regaining some attractiveness within the financial markets. The international segment reversed its downward trend and posted one of the best performances in March. The extremely high level of inflation in Europe and the United States seems to reinforce the appeal of sectors that provide protection against this phenomenon.

BBGI Group Private Banking Indices - Performances historiques en USD										
	3 derniers mois			YTD	Année en cours				Perf annualisées	
	janvier 2022	février 2022	mars 2022	année en cours	1er trim.	2ème trim.	3ème trim.	4ème trim.	2021	1993 ce jour
BBGI Group PBI "risque faible" (65% revenu fixe)	-2.18%	-0.88%	-0.78%	-3.79%	-3.79%				4.96%	5.76%
BBGI Group PBI "risque modéré" (45% revenu fixe)	-2.34%	-0.94%	0.40%	-2.87%	-2.87%				10.40%	6.43%
BBGI Group PBI "risque dynamique" (28% revenu fixe)	-2.50%	-0.99%	1.58%	-1.95%	-1.95%				16.05%	7.01%
Sous-indices										
Obligations US	-1.83%	-0.74%	-2.96%	-5.45%	-5.45%				-2.30%	4.42%
Obligations internationales	-2.11%	-1.06%	-3.42%	-6.46%	-6.46%				-6.97%	4.03%
Actions US	-5.69%	-2.97%	3.48%	-5.31%	-5.31%				26.45%	9.95%
Actions internationales	-3.69%	-1.98%	0.16%	-5.44%	-5.44%				7.82%	5.52%
Private equity	-7.31%	-5.26%	0.11%	-12.08%	-12.08%				51.75%	9.61%
Gestion alternative	-1.81%	-0.36%	0.48%	-1.69%	-1.69%				3.68%	5.74%
Immobilier international	-5.72%	-2.43%	4.61%	-3.77%	-3.77%				27.21%	7.74%
Matières premières	11.63%	8.77%	9.63%	33.13%	33.13%				40.35%	2.02%
Devises										
USD/EUR	1.24%	0.13%	1.37%	2.76%	2.76%				7.42%	-1.18%
Les indices BBGI Group Private Banking peuvent être obtenus gratuitement auprès du service Analyse & Recherche de BBGI Group (reception@bbgi.ch). Ils constituent les premiers points de comparaison objectifs des performances du secteur de la gestion de patrimoine										

Sources : Bloomberg, BBGI Group SA



Sources : Bloomberg, BBGI Group SA