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BBGI PRIVATE BANKING INDICES USD

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November 2021

Concerns about potential new restrictions drags the markets lower

NEGATIVE PERFORMANCE FOR ALL THREE BBGI PRIVATE BANKING INDICES IN NOVEMBER

BBGI Private Banking Index « Low Risk »	**- 0.93%**	**(YTD +3.59%)**
BBGI Private Banking Index « Medium Risk »	**- 1.72%**	**(YTD +8.00%)**
BBGI Private Banking Index « Dynamic Risk »	**- 2.50%**	**(YTD +12.54%)**

Comments (performances in USD)

All three BBGI Private Banking indices fall into negative territory in November. The "low risk" strategy withstood the financial markets' sudden panic at the end of the month (-0.93%). The "moderate risk" index slipped by -1.72% while the "dynamic risk" strategy was the most impacted (-2.50%). Fixed income markets moved to both sides of neutral performance line during the month of November. The US segment is the only asset class to post a positive performance this month (+0.81%). On the international front, the decline was only very slight (-0.07%). The equity markets were under pressure at the end of the month with the announcement of the arrival of a new variant of Covid-19. The U.S. stock market loses -1.05% and goes back into negative territory after last month's strong rally (+6.95%). International stocks dropped more significantly and fell by -4.50%, completely erasing the gains of the previous month (+2.39%). The private equity segment was not spared by the generalized corrections in asset classes. Indeed, the sector that has recorded the strongest growth since the beginning of the year (+50.75%) lost -2.18%. Hedge funds slipped by -1.29% and went back into the red after a brief positive surge. International real estate was also down in November but performed very well over the year (+19.51%). Commodities, which had greatly improved with the reopening of the world economy, experienced the biggest drop of the month (-10.82%). As a new variant of the Covid-19 appeared at the end of the month, raising fears of movement restrictions again, crude oil prices were immediately sanctified, causing the asset class to fall.

Financial market developments (performances in local currencies)

November ended poorly for all asset classes due to the return of economic growth concerns raised by the surprise emergence of a particularly contagious new variant in South Africa. The Omicron variant has abruptly caused trouble in the middle of Thanksgiving and Black Friday, just a few weeks before the end of the year. This is certainly a good time to take profits before the end-of-year holidays, which could once again be characterized by the return of new health restrictions and confinements. With the rise in vaccination rates in most developed countries, the Covid factor had significantly lost its influence on the psychology of investors, so the Omicron variant is once again spreading doubt about the forthcoming economical perspectives. The latest published inflation indicators have also caused a significant shift in the expectations of investors and central banks on the development of the inflation rate. The Federal Reserve now seems to have abandoned its positive outlook by finally acknowledging, twelve months later, that the increases in the inflation rates would not be as a temporary phenomenon as it had initially hoped. The next Fed meeting in December could therefore be a surprise, with a firmer tone that encourages the tapering and faster normalization of key rates. Unless the arrival of Omicron serves as a convenient excuse for a delay, which would only increase the feeling that the Federal Reserve is out of touch with its policies for containing the inflationary tendencies. Rates are drifting on the capital markets, which have apparently already made their decision by assuming that the Fed will reduce the announced "tapering". In this context, the equity markets have taken into consideration the possibility of a deterioration in profitability and have declined overall by 2.19% over the month. International real estate followed the trend (-2.18%), while oil fell by -17.6% and has reached a level of $70 after practically touching the $85 a barrel threshold.

PERFORMANCE BY ASSET CLASSES (USD)

NOVEMBER

+ 0.81%	US Fixed Income
- 0.07%	International Fixed Income
- 1.05%	US Equities
- 1.29%	Hedge Funds
- 2.18%	International Real Estate
- 2.18%	Private Equity
- 4.05%	International Equities
- 10.82%	Commodities

YTD

+ 50.75%	Private Equity
+ 30.45%	Commodities
+ 21.69%	US Equities
+ 19.51%	International Real Estate
+ 3.54%	International Equities
+ 3.16%	Hedge Funds
- 1.75%	US Fixed Income
- 6.39%	International Fixed Income

COMMENTS BY ASSET CLASS

Fixed Income

Mixed performances again for almost all bond markets, with the rise in their long-term yields dampened by the emergence of the new Omicron variant. Since the beginning of the year, the losses of the bond indices in the main currencies have ranged from -0.85% (High yield) to -6.25% (Australia) for an overall average result of -4.57%. In November, the ten-year yields have slightly eased upon the announcement of a new variant. The central banks are acknowledging the persistence of inflation and will certainly not undermine the announced normalization of their still extremely accommodating monetary policy measures.

Equities

The equity markets were very concerned at the end of the month about the potential risk of a renewed economic slowdown due to the possible return of sanitary measures and new confinements in the context of the emergence of the Omicron variant. A significant decline in prices at the end of the month affected all markets, with an average loss of -2.19% in November. An adjustment of the outlook for earnings growth and valuation levels is therefore underway. December could therefore once again be a month of profit-taking in a less optimistic environment. An adjustment of the outlook for earnings growth and valuation levels is therefore underway. December could therefore once again be a month of profit-taking in a less optimistic environment.

Commodities

The wave of vaccinations that took place throughout the year led to a general lifting of restrictions, particularly those related to international travels. While freight transport was only slightly affected, passenger transportation suffered greatly. The resumption of economic activity and the reopening of borders have substantially strengthened the demand for oil. Add to this the seasonal factor and we have had a tremendous appreciation in crude oil prices, which has resulted in the commodity sector being driven upwards. The sudden arrival of a new variant has once again raised the prospect of renewed restrictions, which has directly impacted the price of crude oil and dragged this segment down (-10.82%).

Private Equity

After a spectacular performance during the previous month (+12.31%), the industry did not escape the general meltdown that swept through the financial markets at the end of the month and also dropped by -3.09% in November

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	September 2021	October 2021	November 2021	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2020	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-2.01%	1.79%	-0.93%	3.59%	-1.04%	3.03%	2.73%		9.08%	5.92%
BBGI Group PBI "Medium risk" (45% fxd income)	-2.23%	2.91%	-1.72%	8.00%	1.22%	6.88%	6.78%		8.60%	6.54%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-2.44%	4.02%	-2.50%	12.54%	3.48%	10.85%	10.96%		7.79%	7.06%
Sub-Indices										
US Bonds	-1.15%	0.02%	0.81%	-1.75%	-4.33%	-2.53%	-2.56%		7.98%	4.70%
International Bonds	-2.26%	-0.41%	-0.07%	-6.39%	-5.68%	-4.75%	-5.93%		10.11%	4.35%
US Equities	-4.75%	6.95%	-1.05%	21.69%	5.37%	14.63%	14.99%		22.73%	10.14%
International Equities	-3.20%	2.39%	-4.50%	3.54%	3.49%	9.16%	5.90%		10.65%	5.65%
Private equity	-5.14%	12.24%	-2.18%	50.75%	12.86%	31.64%	37.30%		10.47%	10.21%
Hedge Funds	-0.38%	0.90%	-1.29%	3.16%	1.29%	3.72%	3.57%		6.82%	5.86%
International Real Estate	-5.71%	6.00%	-2.18%	19.51%	6.11%	16.11%	15.28%		-8.22%	7.75%
Commodities	6.03%	5.80%	-10.82%	30.45%	13.55%	31.40%	38.29%		-28.73%	0.74%
Forex										
USD/EUR	0.49%	2.01%	0.14%	5.67%	4.14%	3.03%	5.52%		-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