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BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

November 2022

Annualized performance
Of +5.27% to +6.47%

The upward trend continues in November

POSITIVE PERFORMANCES FOR ALL THREE BBGI PRIVATE BANKING USD INDICES IN NOVEMBER

BBGI Private Banking Index « Low Risk »	**+4.39%**	**(YTD - 12.68%)**
BBGI Private Banking Index « Medium Risk »	**+4.96%**	**(YTD - 12.04%)**
BBGI Private Banking Index « Dynamic Risk »	**+5.52%**	**(YTD - 11.46%)**

Comments (performances in USD)

The financial markets continued their upward trend in November. Indeed, all three indices are in positive territory this month. The low risk strategy performed very well with +4.39% while the moderate risk index did even better with +4.96%. The dynamic risk approach shows the strongest increase, climbing by +5.52%. All three strategies have been in negative territory since the beginning of the year in a context of rising interest rates, which is very negative for the financial markets. The bond markets are in the green in November and interrupt their negative trend that has been running since the beginning of the year. The domestic segment advanced by +2.65%, while the international trend was even more pronounced and the asset class gained +4.54%. Nevertheless, despite this trend reversal, both segments are still below the neutral performance mark (-11.98% and -18.12%). The equity markets continue their upward trajectory. The US segment climbed +5.38%. It is the international equities that shine with their spectacular performance of +11.80% this month. Both segments remain negative despite the trajectory started last month (-14.80% and -15.37% respectively). Private equity also continued its strong upward trend, climbing +9.94% in November. Two consecutive performances that testify to the renewed interest of investors in risky assets. Hedge funds were again horizontal in November (+0.15%). The real estate segment, which has suffered greatly this year from the rise in interest rates, is experiencing its second period of calm. The international market jumped by +6.78% this month and further increased its momentum (+3.02% in October). The asset class is still cumulating losses since January (-22.36%). Commodities fell back into negative territory (-1.71%) and suffered from the correction in oil prices during the period. However, they remain the only asset class to have gained since the beginning of 2022 and are well ahead of all other segments (+27.75%).

Financial market developments (performances in local currencies)

The US inflation statistics for October were the main factor affecting investor sentiment and the financial outlook in November. Inflation of +0.4% below expectations (+0.6%) for the headline index and +0.3% vs. +0.5% excluding food and energy triggered an adjustment of expectations largely favourable to all asset classes. Among our universe of 33 asset classes, 30 have in fact achieved a positive performance this month. The rather dramatic reversal in bond yields is a clear sign of this change in expectations. Ten-year US Treasury rates lost 30 basis points in the day of 10 November alone, triggering a downward trend that continued until the end of the month. This welcome decline in yields has clearly provided relief to investors, who understandably adjusted their outlook. However, recession risks remained and still weighed on the equity markets, although this factor was partly relegated to the background. November inflation may show a stabilisation allowing the Fed to reduce its next rate rise to 0.5% in December, with the maximum point of monetary tightening still expected to be 5% in June 2023. If the lower inflation regime persists, the yield curves could stabilise and provide the conditions for a recovery in financial assets.

PERFORMANCE OF ASSET CLASSES (USD)

NOVEMBER

+ 11.80%	International Equities
+ 9.94%	Private equity
+ 6.78%	International Real Estate
+ 5.38%	US Equities
+ 4.54%	International Bonds
+ 2.65%	US Bonds
+ 0.15%	Hedge Funds
- 1.71%	Commodities

YTD

+ 27.75%	Commodities
- 4.67%	Hedge Funds
- 11.98%	US Bonds
- 14.80%	US Equities
- 15.37%	International Equities
- 18.12%	International Bonds
- 22.36%	International Real Estate
- 26.45%	Private equity

COMMENTS BY ASSET CLASS

Bonds

Correlation remained high between the various bond markets in November. The dispersion of performance was low within the developed markets, which rose by around +3%. Emerging markets (+6.63%) and the high yield segment (+5.01%) benefited the most from the significant improvement in investors' risk perception. The trend reversal observed in the United States is therefore spreading and improving the general sentiment of investors who are more inclined to reconstitute bond positions in a new context of reduced inflationary risks. The current yields seem attractive in view of the expected evolution of inflation and the likely economic slowdowns at the end of the year.

Equities

Equity markets reacted positively again in November to these developments in November, but uncertainty still prevails about the outlook for companies and their profits. Substantial stocks seem to be benefiting more of this renewed confidence, while the technology indices are still poorly supported by the fall in interest rates. Risk appetite is returning, but it remains highly uncertain and dependent on the inflation-rate relationship. While patience and caution are still required to achieve a greater degree of comfort, we believe that the conditions are more favourable for a constructive allocation.

Commodities

Commodities are back in negative territory as the EU embargo on Russian crude oil and derivatives comes into effect. The simultaneous arrival of a cold snap in Europe is already impacting gas reserves. OPEC countries have maintained their decision to reduce production by 2 million barrels per day until the summer 2023. Despite some fears of a possible recession, there is a possibility of increased tension in the energy market.

Real Estate

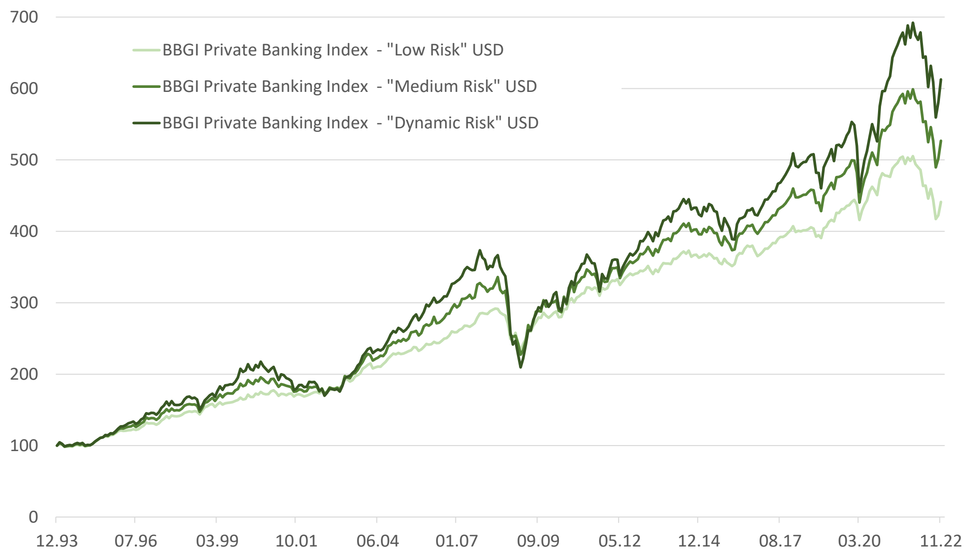
The securitised real estate segment continues its upward trend and is benefiting from some renewed investor interest during November. Indeed, after 9 months of decline over the first 10 periods of the year, the segment is benefiting from the easing of pressure on interest rates. The asset class achieved a very good performance of +6.78%, but nevertheless remained negative in YTD terms (-22.36%).

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	September 2022	October 2022	November 2022	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2021	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-6.00%	1.26%	4.39%	-12.68%	-3.79%	-8.29%	-6.38%		4.96%	5.27%
BBGI Group PBI "Medium risk" (45% fxd income)	-7.06%	2.53%	4.96%	-12.04%	-2.87%	-9.78%	-6.72%		10.40%	5.91%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-8.11%	3.79%	5.52%	-11.46%	-1.95%	-11.27%	-7.08%		16.05%	6.47%
Sub-Indices										
US Bonds	-3.42%	-1.39%	2.65%	-11.98%	-5.45%	-3.65%	-4.54%		-2.30%	4.06%
International Bonds	-5.10%	-0.52%	4.54%	-18.12%	-6.46%	-8.91%	-7.61%		-6.97%	3.46%
US Equities	-9.31%	7.91%	5.38%	-14.80%	-5.31%	-16.87%	-4.81%		26.45%	9.31%
International Equities	-9.99%	2.99%	11.80%	-15.37%	-5.44%	-13.73%	-9.91%		7.82%	4.99%
Private equity	-14.93%	10.44%	9.94%	-26.45%	-12.08%	-23.75%	-9.64%		51.75%	8.70%
Hedge Funds	-0.96%	0.08%	0.15%	-4.67%	-1.69%	-3.75%	0.52%		3.68%	5.49%
International Real Estate	-12.30%	3.02%	6.78%	-22.36%	-3.77%	-17.23%	-11.39%		27.21%	6.76%
Commodities	-7.80%	6.70%	-1.71%	27.75%	32.13%	2.01%	-10.31%		40.35%	1.83%
Forex										
USD/EUR	2.56%	-0.80%	-5.05%	9.28%	2.76%	3.19%	6.95%		7.42%	-1.00%

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