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BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

October 2022

Annualized performance
Of +5.13% to +6.29%

Financial markets rebounded during October

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

BBGI Private Banking Index « Low Risk »	**+1.26%**	**(YTD - 16.35%)**
BBGI Private Banking Index « Medium Risk »	**+2.53%**	**(YTD - 16.19%)**
BBGI Private Banking Index « Dynamic Risk »	**+3.79%**	**(YTD - 16.09%)**

Comments (performances in USD)

The financial markets are starting the last quarter of 2022 in a positive way. Indeed, all three BBGI Private Banking USD indices made gains in October. The low-risk strategy advanced by +1.26% during the month, while the moderate risk approach did slightly better by rising by +2.53%. The dynamic risk strategy achieved the best performance of the month, gaining +3.79%. The bond markets remain in the red despite the general uptrend in all asset classes. In fact, the domestic segment posted the worst performance of the month, falling by -1.39%, while the international segment saw a smaller decline (-0.52%). In YTD terms, both asset classes accumulated losses (-14.25% and -21.68% respectively). The equity markets are breaking their clearly negative trend of recent months. Indeed, the US class almost erased the losses made during the previous period (-9.31% in September then +7.91% in October). At the same time, the international class followed a similar, albeit weaker, path, climbing by +2.99%. Both segments still have negative cumulative returns since January (-19.15% and -24.31%). Private equity rebounded strongly in October (+10.44%), reflecting investors' optimism over the period. However, it is still the worst performing asset class since the beginning of the year (-33.10%). Hedge funds performed horizontally this month (+0.08%). International real estate halted its free fall (+3.02%), as the brief easing of pressure on interest rates benefited the securitised real estate sector, which had been heavily penalised in the past (-27.29% YTD). Commodities returned to the upside in October (+6.70%) supported by the positive trend in crude oil in particular. The asset class is still the only one to be in positive territory in YTD terms (+29.27%).

Financial market developments (performances in local currencies)

The month of October was more favourable for risky assets, which instead recorded positive results. Among our universe of 33 asset classes, 22 have indeed achieved a positive performance this month. The main stock market rallies were logically found in the equity markets, real estate, commodities and private equity. The fixed income markets experienced a certain amount of volatility and nervousness, with an initial negative reaction to the announcement of higher-than-expected inflation in September and a low unemployment rate that temporarily pushed US rates to new highs. A few days of consolidation then allowed yields to stabilise a little lower in most markets. This relative stabilisation of the yield curves at a high level was nevertheless sufficient to restore some enthusiasm among investors, who took advantage of it to reposition themselves a little in risky assets. The Fed's next 0.75% rate hike in November to 4% has been confirmed and investors have taken on board the prospect of a continuation of the trend towards a target now estimated at 5% in June 2023. The risks of a recession are still present, but from December onwards it seems likely that the US Federal Reserve will change its policy. We then expect an initial reduction in the size of the increase to just 0.5%, which could then be followed by smaller increases (0.25%) in 2023.

PERFORMANCE OF ASSET CLASSES (USD)

OCTOBER

+ 10.44%	Private equity
+ 7.91%	US Equities
+ 6.70%	Commodities
+ 3.02%	International Real Estate
+ 2.99%	International Equities
+ 0.08%	Hedge Funds
- 0.52%	International Bonds
- 1.39%	US Bonds

YTD

+ 29.97%	Commodities
- 4.82%	Hedge Funds
- 14.25%	US Bonds
- 19.15%	US Equities
- 21.68%	International Bonds
- 24.31%	International Equities
- 27.29%	International Real Estate
- 33.10%	Private equity

COMMENTS BY ASSET CLASS

Bonds

The high correlation between bond markets remained present in October. The dispersion of performances is thus low, except for the UK, which benefited from the forced change in monetary policy implemented by the BoE in reaction to the disaster caused on the market by the "mini budget" and which recorded a rise of +3.25%. The amplitude of the movements is in fact small, international bonds are down -0.52%, US stocks also record a loss of (-1.39%). The rise in risk premiums in the corporate IG segments but also in high yield is becoming attractive. The current yields seem attractive in view of the expected evolution of inflation and the probable economic slowdown at the end of the year.

Equities

The equity markets reacted positively, but still without much enthusiasm in October to the stabilisation of the rate curves. Despite the uncertainty linked to the publication of third quarter results, the US markets nevertheless rebounded by +7.91% after a very sharp correction in September (-9.31%). Internationally, the recovery was more timid (+2.99%). Risk appetite is thus returning, but it remains extremely uncertain and dependent on the inflation-rate pair. While patience and caution are still required for a greater degree of comfort, we believe that the conditions are more favourable for a constructive allocation.

Commodities

Commodities also interrupted their downward trend and returned to the upside (+6.70%). The sector was driven up by the strong performance of crude oil prices during the month following the announcement of OPEC+ production cuts. Indeed, the cartel has decided to drastically reduce its production levels in order to compensate for the potential future drop in demand due to negative macroeconomic factors.

Real Estate

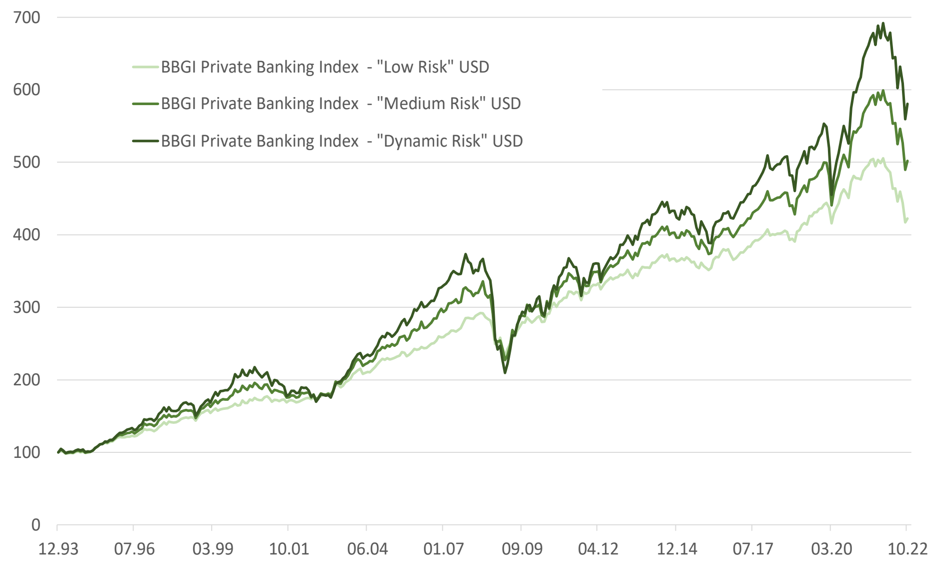
The real estate segment enters the fourth quarter in a positive light. The negative trajectory was interrupted this month under the impetus of a temporary easing of interest rate pressure at the end of the month, with the sector climbing by +3.02%. Despite a good performance in October, the sector remains negative in YTD terms (-27.29%) in a global monetary context that is highly penalising for real estate.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	August 2022	September 2022	October 2022	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2021	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	-3.40%	-6.00%	1.26%	-16.35%	-3.79%	-8.29%	-6.38%		4.96%	5.13%
BBGI Group PBI "Medium risk" (45% fxd income)	-3.51%	-7.06%	2.53%	-16.19%	-2.87%	-9.78%	-6.72%		10.40%	5.75%
BBGI Group PBI "Dynamic risk" (25% fxd income)	-3.63%	-8.11%	3.79%	-16.09%	-1.95%	-11.27%	-7.08%		16.05%	6.29%
Sub-Indices										
US Bonds	-2.46%	-3.42%	-1.39%	-14.25%	-5.45%	-3.65%	-4.54%		-2.30%	3.97%
International Bonds	-4.35%	-5.10%	-0.52%	-21.68%	-6.46%	-8.91%	-7.61%		-6.97%	3.31%
US Equities	-3.97%	-9.31%	7.91%	-19.15%	-5.31%	-16.87%	-4.81%		26.45%	9.14%
International Equities	-3.22%	-9.99%	2.99%	-24.31%	-5.44%	-13.73%	-9.91%		7.82%	4.60%
Private equity	-7.38%	-14.93%	10.44%	-33.10%	-12.08%	-23.75%	-9.64%		51.75%	8.37%
Hedge Funds	0.95%	-0.96%	0.08%	-4.82%	-1.69%	-3.75%	0.52%		3.68%	5.50%
International Real Estate	-6.44%	-12.30%	3.02%	-27.29%	-3.77%	-17.23%	-11.39%		27.21%	6.54%
Commodities	-2.68%	-7.80%	6.70%	29.97%	32.13%	2.01%	-10.31%		40.35%	1.90%
Forex										
USD/EUR	1.66%	2.56%	-0.80%	15.09%	2.76%	3.19%	6.95%		7.42%	-0.86%

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