

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

September 2022

Annualized performance
of **+5.09%** to **+6.17%**

Profit taking intensifies in September

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

BBGI Private Banking Index « Low Risk »	- 6.00%	(YTD - 17.40%)
BBGI Private Banking Index « Medium Risk »	- 7.06%	(YTD - 18.26%)
BBGI Private Banking Index « Dynamic Risk »	- 8.11%	(YTD - 19.15%)

Comments (performances in USD)

The negative trend is still growing in September. Indeed, the three BBGI Private Banking USD indices are once again in negative territory. The low-risk strategy achieved the least negative performance by falling by -6.00%. The moderate risk index did worse by losing -7.06% while the dynamic risk approach fell by -8.11%. Despite negative cumulative performances since the beginning of the year (respectively -17.40%, -18.26% and -19.15%) the three strategies benefit from their diversification to better resist the correction phase than international equities (-26.50%) or international bonds (-21.27%). Bond markets continued their downward trajectory in September. The domestic segment increased its negative momentum (-2.46% in August and -3.42% in September), while the international segment declined even more (-5.10%). The equity markets are also falling this month. The domestic segment fell by -9.31% and the international sector followed a similar path, losing -9.99%. Both asset classes have been evolving in very negative territory since the beginning of the year (-25.08 and -26.50% respectively). The private equity segment plunged again in September (-14.93%) and achieved the worst performance of the month, with risky assets once again being the most affected by the current economic context. Hedge funds are down this month but are more resilient than the other asset classes and have achieved the best performance of the month by moving horizontally (-0.96%). The securitized real estate segment is still suffering from the restrictive monetary policy of central banks, the segment plunged by -12.30% in September and accumulated a loss of -29.42% since the beginning of the year. Commodities are no longer an exception, the asset class is following the general trend and is down -7.80%. Despite a negative quarter, the asset class is the only one to post a positive performance since the beginning of the year (+21.80%).

Financial market developments (performances in local currencies)

September closed the quarter and the first nine months of the year with negative results for most asset classes over the month, the quarter and YTD in a general sentiment marked by extreme investor concern. The last few days of the month were again shaken by high volatility in the financial markets which saw US Treasury yields rise above 4% on all medium and long maturities for the first time since November 2007. The tightening of the Fed's monetary policy remained the main risk factor affecting the financial markets. The Fed's increasingly explicit stance since Jackson Hole left less and less doubt as to its willingness to firmly raise rates to 4.6% by the end of 2023, with a 125 bp increase by the end of 2022, at the risk of causing a recession and a rise in unemployment from 3.7% to 4.4% in 2023. The growing risks of recession, the energy crisis in Europe and persistent inflation, as well as the political problems in the United Kingdom, also contributed to the climate of uncertainty that led 32 out of 33 asset classes and regions in our investment universe to record a negative performance for the month. This compares to 29 during the quarter and 30 since the beginning of the year, of which the only rising components were commodities. Cash in US dollars benefited greatly from this situation, establishing itself as one of the very few investment solutions in a context of exceptional correlation in the downturn.

PERFORMANCE OF ASSET CLASSES (USD)

SEPTEMBER

- 0.96%	Hedge Funds
- 3.42%	US Bonds
- 5.10%	International Bonds
- 7.80%	Commodities
- 9.31%	US Equities
- 9.99%	International Equities
- 12.30%	International Real Estate
- 14.93%	Private Equity

YTD

+ 21.80%	Commodities
- 4.89%	Hedge Funds
- 13.04%	US Bonds
- 21.27%	International Bonds
- 25.08%	US Equities
- 26.50%	International Equities
- 29.42%	International Real Estate
- 39.43%	Private Equity

COMMENTS BY ASSET CLASS

Bonds

Strong correlation between bond markets, which are all under the same selling pressure in a context that has been strongly affected by the Fed's toughening of its tone to justify the pace of its monetary tightening. Despite a probable spike in price indices, which should now benefit from the fall in commodities, fear of inflation has pushed long rates to new highs. British bonds fell by -8.4% this month, while the global index corrected by -5.10%. This sharp rise in yields at the end of the month seems excessive to us and offers new attractive investment opportunities. It is likely that we will already see adjustments in October and a decline in yields caused by new purchases of securities.

Equities

The equity markets were obviously not immune to this rise in rates and logically reacted to the increase in uncertainty. They quickly lost their enthusiasm of the beginning of the summer and sank into the red, with US and international equities falling by around -9.5%. The asset class was thus penalized by the rise in long-term rates and the prospect of further significant increases in key rates. As a result, risk appetite declined sharply, giving way to widespread selling across virtually all sectors.

Commodities

The commodities segment confirmed the downward trend that began in August (-2.68%), and fell more sharply by -7.80%. Indeed, the sector is weakening under the pressure of falling oil prices once again in September. Expectations of a recession are revising crude oil demand projections downwards. Nevertheless, the recent decision by OPEC+ to reduce their crude oil production by about 1 million barrels starting in November, is already supporting a return to growth.

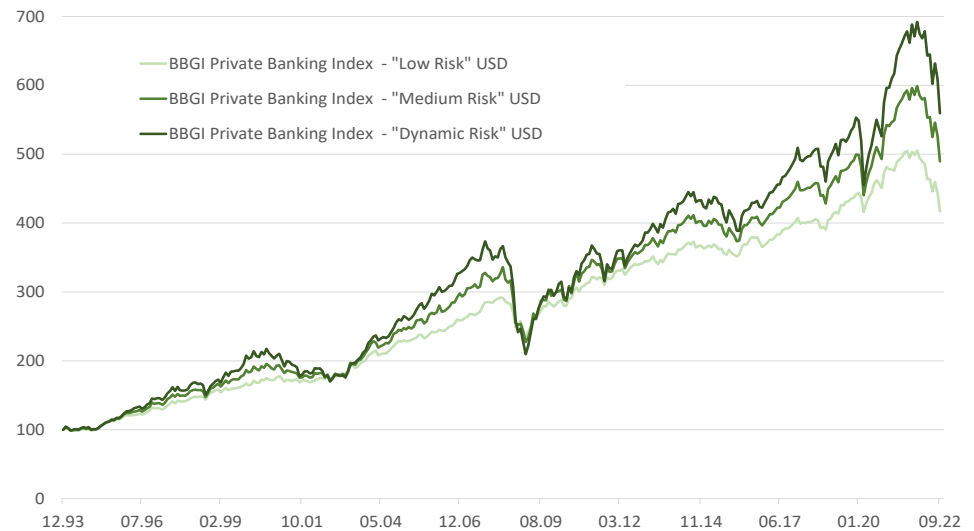
Real Estate

The real estate segment is still suffering from the monetary policy of the central banks. They are raising their interest rates in order to fight inflation, which they believe is struggling to slow down. Nonetheless, some figures released in August could show that the upward momentum is starting to lose steam in some geographical areas, which would mean a relaxation of pressure on securitized real estate in the future.

BBGI Group Private Banking Indices - Historical Performances in USD										
	Last three months			YTD	Full Year				Annualized Performances	
	July 2022	August 2022	September 2022	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2021	1993 to date
BBGI Group PBI "Low risk" (65%fxd income)	3.10%	-3.40%	-6.00%	-17.40%	-3.79%	-8.29%	-6.38%		4.96%	5.45%
BBGI Group PBI "Medium risk" (45%fxd income)	4.02%	-3.51%	-7.06%	-18.26%	-2.87%	-9.78%	-6.72%		10.40%	6.08%
BBGI Group PBI "Dynamic risk" (25%fxd income)	4.93%	-3.63%	-8.11%	-19.15%	-1.95%	-11.27%	-7.08%		16.05%	6.62%
Sub-Indices										
US Bonds	1.34%	-2.46%	-3.42%	-13.04%	-5.45%	-3.65%	-4.54%		-2.30%	4.25%
International Bonds	1.78%	-4.35%	-5.10%	-21.27%	-6.46%	-8.91%	-7.61%		-6.97%	3.69%
US Equities	9.29%	-3.97%	-9.31%	-25.08%	-5.31%	-16.87%	-4.81%		26.45%	9.40%
International Equities	3.42%	-3.22%	-9.99%	-26.50%	-5.44%	-13.73%	-9.91%		7.82%	5.01%
Private equity	14.68%	-7.38%	-14.93%	-39.43%	-12.08%	-23.75%	-9.64%		51.75%	8.92%
Hedge Funds	0.54%	0.95%	-0.96%	-4.89%	-1.69%	-3.75%	0.52%		3.68%	5.52%
International Real Estate	7.99%	-6.44%	-12.30%	-29.42%	-3.77%	-17.23%	-11.39%		27.21%	7.18%
Commodities	-0.04%	-2.68%	-7.80%	21.80%	32.13%	2.01%	-10.31%		40.35%	2.06%
Forex										
USD/EUR	2.58%	1.66%	1.66%	16.02%	2.76%	3.19%	6.95%		7.42%	-0.85%

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



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The diversified systematic strategies of the BBGI Private Banking Indices have produced returns of +5.09% +6.17% annualized since 1993 to date.

The composition of our indices is available on request