BBGI Group SA – Place de Longemalle 1 - 1204 Genève - Suisse
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BBGI PRIVATE BANKING INDICES USD

A BBGI exclusivity since 1999

October 2021

Return to a solid growth trend for the vast majority of asset classes

POSITIVE PERFORMANCE FOR ALL THREE BBGI PRIVATE BANKING INDICES IN OCTOBER

BBGI Private Banking Index « Low Risk »	**+1.79%**	**(YTD +4.56%)**
BBGI Private Banking Index « Medium Risk »	**+2.91%**	**(YTD +9.88%)**
BBGI Private Banking Index « Dynamic Risk »	**+4.02%**	**(YTD +15.42%)**

Comments (performances in USD)

The three BBGI Private Banking indices returned to their rising trend in October after a brief interruption of the previous month. As a matter of fact, the low-risk strategy advances by +1.79%. The moderate risk index climbed by +2.91% while the dynamic risk strategy performed by an astonishing +4.02%. Since the beginning of the year, the three BBGI strategies have achieved cumulative returns of +4.56%, +9.88% and +15.42% respectively. This month the bond markets in our index are on both sides of the neutral performance line. The US segment shows a slight positive evolution in October after months of a negative trend. On the international front, the outlook is once more negative (-0.41%). The equity markets are both in positive territory this month. The US segment, which had suffered the most from the generalized profit-taking during the month of September, achieved the best performance of the sector and jumped by +6.95%. The international market is also back in positive territory but with a smaller rise (+2.39%). Private equity, which had experienced its first negative period in 12 months, regained its stratospheric course and achieved a breathtaking rally of +12.24The sector is still by far the best performing one since the beginning of the year (+54.11%). Hedge fund management continued its horizontal movement and was slightly above the zero point of growth (+0.90%). International real estate is recovering from the previous month losses and seems to be regaining attractiveness with investors (+6.00The commodities sector confirmed the positive trend that began last month, sustained by the huge increase in the price of crude oil and gas, registering a solid increase of +5.80%.

Financial market developments (performances in local currencies)

October has remained a relatively smooth month from an economic point of view, with very few surprises that would fundamentally challenge the prevailing climate of economic activity. On the pandemic front, the situation also seemed to be relatively under control in early autumn, and the risks of a slowdown in the economy due to new health restrictions were logically low. The absence of a Federal Reserve meeting has provided some relief after the brief period of uncertainty that pushed the markets into retreat in September. The November meeting is now being anticipated with a certain degree of serenity, as investors are not to be expecting a drastic start to the announced tapering. In the end, it is the capital markets that are most concerned about the inflation problems and are continuing their rising trend towards the end of the year. Inflation still seems to be more persistent than central banks had anticipated, but the current stabilisation at high levels still appears to be perceived as a reassuring factor. However, we should not forget that before the pandemic, the GDP growth in the United States was at +2.6%, the long and short interest rates were at +2% and 1.8% and the inflation level was at +2.28%, all of which were naturally in line with each other. As for now, we are experiencing huge contrasts between GDP growth (+4.9%), the inflation level (+5.39%) as well as the ten-year (1.56%) and one-month (0%) yields. Some of these measures will certainly have to converge in time for a phase of harmonisation of the long-term interest rates. Nevertheless, the month of October remained relatively stable on the yield front. This was more than sufficient for the equity markets to regain some confidence and to progress again by an average of +3.16%. The international real estate market also enjoyed a more bullish outlook, soaring by +6.00% and fully recovering from the previous month's loss. And to finish with, commodities fully recovered from their September decline, posting a +5.80% growth in value. They have substantially capitalised on the resumption of global demand, and have gained +46.28% since the beginning of the year. Not least but last, the private equity sector has been a clear front runner with a +12.24% leap in October and a +54.11% return this year to date.

PERFORMANCES OF THE ASSET CLASSES (USD)

OCTOBER

+ 12.24%	Private Equity
+ 6.95%	US Equities
+ 6.00%	International Real Estate
+ 5.80%	Commodities
+ 2.39%	International Equities
+ 0.90%	Hedge Funds
+ 0.02%	US Fixed Income
- 0.41%	International Fixed Income

YTD

+ 54.11%	Private Equity
+ 46.28%	Commodities
+ 22.98%	US Equities
+ 22.18%	International Real Estate
+ 8.43%	International Equities
+ 4.50%	Hedge Funds
- 2.54%	US Fixed Income
- 6.32%	International Fixed Income

COMMENTS BY ASSET CLASS

Fixed Income

Another negative month for virtually all bond markets, which saw their long-term yields moving up a little further. Since the beginning of the year, the losses of bond indices in the main currencies have ranged from -0.19% (Japan) to -8.41% (Australia) with an average result of -4.29%. In October, the yields on the ten-year bonds rose only marginally after the pressures of the month of September. The communications of the central banks are still very cautious, but the probabilities of gradual normalisations are now becoming stronger. The announcement of a forthcoming « tapering » signaled the retreat, but the presence of the Fed has secured an orderly retreat for the time being.

Equities

The equity markets had reacted to the rate hike in September with significant profit taking, but the loss of momentum in October on the fixed income markets was enough to trigger the rise in equities. The correction was relatively temporary in most regions, as demonstrated by the rebounds in the international (+2.39%) and US (+6.00%) markets. The persistence of inflation as well as all the logistical difficulties have not yet had a lasting impact on the expectations for earnings growth and margins. Optimism is again very present. The high still very high valuations in stocks are not detrimental to them in the global context, which is still characterised by the lack of alternatives.

Commodities

The commodities sector maintained its bull run despite a slight loss of momentum (+5.80%). Metals have once again made way to the energy sector, which has significantly contributed to the sector's performance. Indeed, the surge in the price of natural gas to unprecedented highs as well as oil prices reaching 80 U.S. dollars have pushed the segment higher.

Private Equity

After having experienced its first period of decline over the past year, the sector has taken off again. Indeed, the asset class achieved a spectacular gain of +12.24% this month, resulting in the best performance of all the asset classes combined. Despite the monetary policy adjustment announced by the Fed and the concerns about future rate hikes, investors' fears appear to have already evaporated.

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	August 2021	September 2021	October 2021	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2020	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	0,39%	-2,01%	1,79%	4,56%	-1,04%	3,03%	2,73%		9,08%	5,98%
BBGI Group PBI "Medium risk" (45% fxd income)	0,74%	-2,23%	2,91%	9,88%	1,22%	6,88%	6,78%		8,60%	6,62%
BBGI Group PBI "Dynamic risk" (25% fxd income)	1,09%	-2,44%	4,02%	15,42%	3,48%	10,85%	10,96%		7,79%	7,18%
Sub-Indices										
US Bonds	-0,15%	-1,15%	0,02%	-2,54%	-4,33%	-2,53%	-2,56%		7,98%	4,69%
International Bonds	-0,57%	-2,26%	-0,41%	-6,32%	-5,68%	-4,75%	-5,93%		10,11%	4,37%
US Equities	2,91%	-4,75%	6,95%	22,98%	5,37%	14,63%	14,99%		22,73%	10,21%
International Equities	1,90%	-3,20%	2,39%	8,43%	3,49%	9,16%	5,90%		10,65%	5,84%
Private equity	2,18%	-5,14%	12,24%	54,11%	12,86%	31,64%	37,30%		10,47%	10,33%
Hedge Funds	0,68%	-0,38%	0,90%	4,50%	1,29%	3,72%	3,57%		6,82%	5,92%
International Real Estate	1,35%	-5,71%	6,00%	22,18%	6,11%	16,11%	15,28%		-8,22%	7,86%
Commodities	-2,30%	6,03%	5,80%	46,28%	13,55%	31,40%	38,29%		-28,73%	1,16%
Forex										
USD/EUR	0,49%	2,01%	0,14%	5,67%	4,14%	3,03%	5,52%		-5,99%	-1,31%

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