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BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

December 2022

Annualized performance Of +5.20% to +6.36%

No December rally in the markets in 2022

NEGATIVE PERFORMANCES FOR ALL THREE BBGI PRIVATE BANKING USD INDICES IN DECEMBER

BBGI Private Banking Index « Low Risk »	**-1.51%**	**(YTD - 14.00%)**
BBGI Private Banking Index « Medium Risk »	**-1.99%**	**(YTD - 13.79%)**
BBGI Private Banking Index « Dynamic Risk »	**-2.48%**	**(YTD - 13.65%)**

Comments (performances in USD)

The financial markets are ending the fourth quarter in the same way as 2022. Indeed, the vast majority of asset classes are moving in negative territory and pulling the BBGI OPP2 Compliant indices down. The low risk index fell by -1.51% while the moderate risk approach did slightly worse, losing -1.99%. The dynamic risk strategy performed the worst, falling by -2.48%. All three indices were in negative territory at the end of the last month of the year (-14.00%, -13.79%, -13.65%), in a context of sharp correction of the markets as a whole. The bond markets are in the red again in December. After a jump into positive territory in November, the domestic segment lost -0.72%, while internationally the movement was similar, although the decline was slightly less severe (-0.17%). Both asset classes have been accumulating losses since January and ended the year at -12.61% and -18.26% respectively. The equity markets are also moving below the neutral performance mark at the end of the year. US equities in particular (-5.92%) reversed their positive trend of the last two months, even erasing the gains of October. The international segment also fell back into negative territory but held up better (-0.11%). During the year, the asset classes also suffered strongly from the general context and experienced a sharp decline (-19.85% and -16.00% respectively). Private equity also fell this month (-6.09%) and posted the worst cumulative performance of all asset classes (-30.93%). Hedge funds ended the year slightly down (-0.06%), but the segment achieved the second-best performance of the index, withstanding the shock significantly better than the others (-4.73%). International real estate is back in negative territory, reversing the upward trend that had been in place. Indeed, the lull in the pressure on interest rates had benefited the sector (+3.02% and +6.78% in October and November), but global monetary policy has weighed heavily on the sector, which has accumulated heavy losses since January (-24.41%). Commodities ended December down (-1.38%) and continued the movement begun in November (-1.71%) but accumulated a gain in 2022 (+25.99%).

Financial market developments (performances in local currencies)

After nine particularly difficult months for the vast majority of financial markets and virtually all asset classes, which often marked historical records of negative performance, the last quarter of the year 2022 ends on a fairly general positive note. The stock market recovery seen mainly in October and November will thus have made it possible to partially reduce the stock market losses of the first nine months and also to offer a perhaps finally better outlook for the year 2023, in contrast with the general feeling of extreme anxiety among investors that still prevailed at the end of September. The expectation in the third quarter that the Federal Reserve would decelerate sharply as it approached its 2023 target for the maximum policy rate led to a certain return to calm. The bulk of the expected adjustment in monetary policy thus seemed to have already been achieved in December with the increase from 0.25% to 4.5% in its discount rate in just ten months, leaving only two potential increases of 0.25% in 2023, if the announced target of 5% were to be maintained. The Q4 stock market recovery still looks fragile, but 2023 should be a calmer year on the inflation and monetary policy fronts, which have been the two biggest factors penalizing the stock markets. The gradual decline in inflation should be accompanied by a decrease in financial market tensions and provide a more positive environment for financial assets.

PERFORMANCE OF ASSET CLASSES (USD)

DECEMBER

- 0.06%	Hedge Funds
- 0.17%	International Bonds
- 0.72%	US Bonds
-0.75%	International Equities
- 1.38%	Commodities
- 2.63%	International Real Estate
- 5.92%	US Equities
- 6.09%	Private equity

YTD

+ 25.99%	Commodities
- 4.73%	Hedge Funds
- 12.61%	US Bonds
- 16.00%	International Equities
- 18.26%	International Bonds
- 19.85%	US Equities
- 24.41%	International Real Estate
- 30.93%	Private equity

COMMENTS BY ASSET CLASS

Bonds

Despite the publication in December of practically zero monthly inflation in the United States (+0.1%), the capital markets were instead marked by profit taking at the end of the year. The correlation remained high between the various bond markets, which fell across the board, particularly in Europe (-3.6%) and the UK (-4.3%). Ten-year US Treasury yields rose from 3.6% to 3.85%, while emerging markets (+0.85%) and the high yield segment (+0.66%) were the only ones to record small gains. The current yields still seem attractive in view of the expected development of inflation and the global economy in 2023, as well as the positive risk scores.

Equities

Equity markets also reacted by taking profits before the end of the year after eight weeks of rising prices. Better than expected inflation and a softening of US Federal Reserve monetary policy were not enough to improve sentiment significantly to counteract year-end tax break sales. The year nevertheless ended with a welcome quarterly stock market recovery, but one that remains fragile, particularly in the technology sector, whose large stocks are not yet benefiting from the improved stock market climate. The beginning of the year should benefit from still favourable risk scores.

Commodities

Commodities ended the last month of the year down. Indeed, the segment was particularly volatile in 2022. When Russia's entry into Ukraine was announced, crude oil prices soared and gas prices followed the same trajectory. Since then, energy supply fears have eased and the winter is proving less severe than usual, resulting in a massive correction in oil and gas in the second half of the year. Fears of a recession in 2023 completed a rather negative picture for energy at the end of the year as well as for industrial metals. The segment declined by -1.38% in December but remained the best performer over the year (+25.99%).

Real Estate

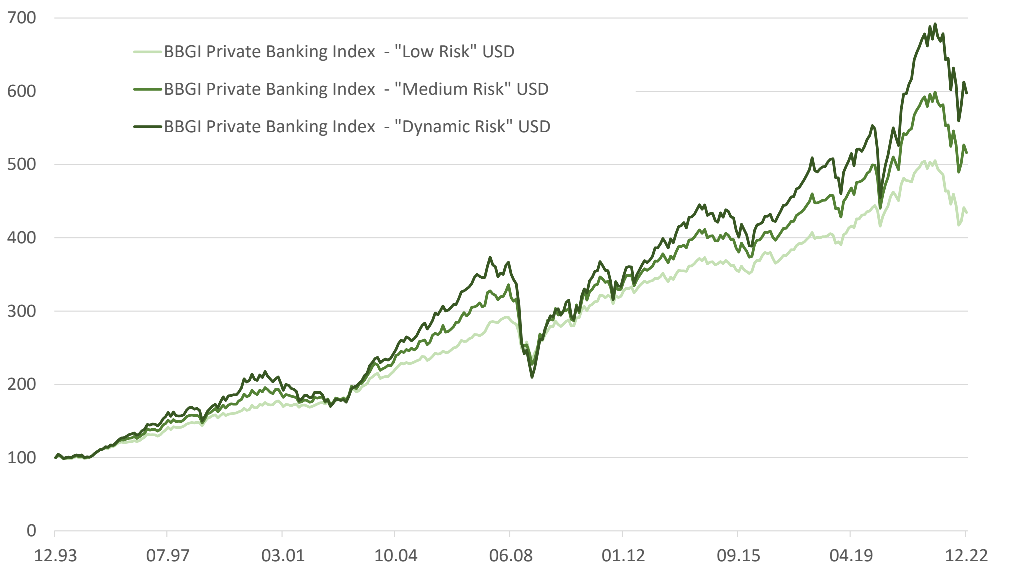
The restrictive monetary policy of central banks will have had an overall impact on the securitized property sector during 2022. Only the recent lull in interest rate pressure could have supported the segment, particularly in October and November (+3.02% and +6.78%). The asset class lost -2.63% in December and accumulated heavy losses over the year 2022 (-24.41%).

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	October 2022	November 2022	December 2022	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2021	1993 to date
BBGI Group PBI "Low risk" (65%fxd income)	1.26%	4.39%	-1.51%	-14.00%	-3.79%	-8.29%	-6.38%	4.11%	4.96%	5.20%
BBGI Group PBI "Medium risk" (45%fxd income)	2.53%	4.96%	-1.99%	-13.79%	-2.87%	-9.78%	-6.72%	5.46%	10.40%	5.82%
BBGI Group PBI "Dynamic risk" (25%fxd income)	3.79%	5.52%	-2.48%	-13.65%	-1.95%	-11.27%	-7.08%	6.81%	16.05%	6.36%
Sub-Indices										
US Bonds	-1.39%	2.65%	-0.72%	-12.61%	-5.45%	-3.65%	-4.54%	0.49%	-2.30%	4.02%
International Bonds	-0.52%	4.54%	-0.17%	-18.26%	-6.46%	-8.91%	-7.61%	3.82%	-6.97%	3.44%
US Equities	7.91%	5.38%	-5.92%	-19.85%	-5.31%	-16.87%	-4.81%	6.98%	26.45%	9.05%
International Equities	2.99%	11.80%	-0.75%	-16.00%	-5.44%	-13.73%	-9.91%	14.29%	7.82%	4.95%
Private equity	10.44%	9.94%	-6.09%	-30.93%	-12.08%	-23.75%	-9.64%	14.03%	51.75%	8.44%
Hedge Funds	0.08%	0.15%	-0.06%	-4.73%	-1.69%	-3.75%	0.52%	0.17%	3.68%	5.47%
International Real Estate	3.02%	6.78%	-2.63%	-24.41%	-3.77%	-17.23%	-11.39%	7.11%	27.21%	6.64%
Commodities	6.70%	-1.71%	-1.38%	25.99%	32.13%	2.01%	-10.31%	3.44%	40.35%	1.78%
Forex										
USD/EUR	-0.80%	-5.05%	-2.79%	6.23%	2.76%	3.19%	6.95%	-8.44%	7.42%	-1.07%

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