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BBGI GROUP Global Investments

BBGI PRIVATE BANKING STRATEGIES & INDICES USD

A BBGI exclusivity since 1999

February 2023

Annualized performance of +5.21% to +6.41%

Uncertainty returns to the markets

NEGATIVE PERFORMANCE FOR THE THREE BBGI PRIVATE BANKING USD INDICES IN FEBRUARY

BBGI Private Banking Index « Low Risk »	-2.86%	(YTD +1.14%)
BBGI Private Banking Index « Medium Risk »	-2.84%	(YTD +1.85%)
BBGI Private Banking Index « Dynamic Risk »	-2.82%	(YTD +2.57%)

Comments (performances in USD)

The financial markets have suffered from the return of uncertainty in February after a flamboyant first month of the year. Indeed, this month, all three BBGI Private Banking indexes achieved negative performances. The Low Risk strategy is down by -2.86% and is the worst performer of the month. The moderate risk approach follows a similar path and loses -2.84%. The dynamic risk index is also in negative territory (-2.82%). Despite these negative performances, the three BBGI Private Banking strategies are still in the green since the beginning of the year (+1.14%, +1.85% and +2.57%). The bond markets are down again this month. The US segment fell by -2.31%, while internationally the decline was even greater, and the asset class lost -3.33%. Since the beginning of the year, both asset classes have been on either side of positive performance (+0.35% and -0.25% respectively). The equity markets also reflect the renewed uncertainty that investors have shown in February. The US segment corrected by -2.44% while the international class fell more heavily by -3.51%. This correction phase is nevertheless not sufficient to erase the spectacular performance of January and both asset classes remain positive YTD (+3.95% and +4.32% respectively). The private equity segment, which had achieved an extraordinary performance in January (+12.06%) did not escape the global trend either and declined slightly by -0.32%. Hedge funds also followed the same trend and lost -0.47% in February, but the asset class remained positive YTD (+1.19%). The real estate segment suffered a sharp correction this month (-4.37%), but this is not enough to erase the strong rise of the previous period and the asset class still has a gain of +4.25%. Commodities continue their negative trend (-3.83%) underpinned by fears of recession which have been rekindled by the latest inflation and employment figures in the US.

Financial market developments (performances in local currencies)

After an exceptional January in terms of stock market performance for most assets, February proved to be marked by a clear return of uncertainty. A rebound in inflation in January (+0.5%) and a totally unexpected job creation figure (+517k) in the US disrupted the soft-landing scenario accompanied by a steady decline in inflationary risks. A seemingly stronger US economy has revived fears of further tightening of the Fed's monetary policy. In this context, expectations for a rate hike have been pushed back to September with a target rate of 5.4%, pulling yield curves up in their wake. In contrast to the still strong employment numbers, many statistics still suggest a significant slowdown in U.S. growth and consumption. The recent rebound in yields reflects the return of fears that the Fed will have to tighten policy more significantly to control inflation. While we do not rule out this possibility, we believe that the risks are now greater in Europe, where bond yields are still a long way from inflation levels, while the ECB's monetary policy has a long way to go to reach its zenith. After euphoria of January and the doubts of February, the next few months will provide a little more information on the evolution of risks, especially for the overextended European equity markets.

PERFORMANCE OF ASSET CLASSES (USD)

FEBRUARY

- 0.32%	Private equity
- 0.47%	Hedge Funds
- 2.31%	US Bonds
- 2.44%	US Equities
- 3.33%	International Bonds
- 3.51%	International Equities
- 3.83%	Commodities
- 4.37%	International Real Estate

YTD

+ 11.71%	Private equity
+ 4.32%	International Equities
+ 4.25%	International Real Estate
+ 3.95%	US Equities
+ 1.19%	Hedge Funds
+ 0.35%	US Bonds
- 0.25%	US Bonds
- 3.91%	Commodities

COMMENTS BY ASSET CLASS

Bonds

The rebound in monthly inflation came as a surprise in January and rekindles uncertainty about the sustainability of the more positive regime change observed in the second half of the year. The first monthly inflation figure (+0.5%) of the year 2023 contrasts with the negative figure of December in the US (-0.1%) and rekindles the uncertainty of a prolonged tightening of the Fed's monetary policy. The financial markets reacted negatively and recorded declines of -3.3%, erasing the gains of January. The correlation between the various bond markets remained high. The current yields still seem attractive in view of the expected inflation trend and the positive risk scores. Despite the neutral risk scores, the main risks are in Europe and the UK, which are likely to suffer from further upward yield adjustments.

Equities

After a start to the year in risk on mode, the return of uncertainty is weighing on market trends, which stabilized in February after the significant gains in January. The strength of employment in the United States tends to reinforce the unlikely scenario of a no landing in inflation, which would force the Federal Reserve to raise interest rates for longer. The most likely scenario remains that of a soft landing favorable to a repositioning of investors in equities after the -18% fall in global indices in 2022. However, risk scores are high in Europe and the UK

Commodities

Commodities correct sharply in February. Indeed, the segment is down by -3.83% this month. After having been the only asset class to be spared by the generalized correction, commodities are starting the year 2023 with two consecutive declines. The segment is very dependent on the evolution of the economic situation and fears of recession. The probability of a positive soft landing for energy prices still seems the most likely, despite the latest rebounds in certain economic figures such as US employment or inflation, which have surprised on the upside and are dragging the segment downwards.

Real Estate

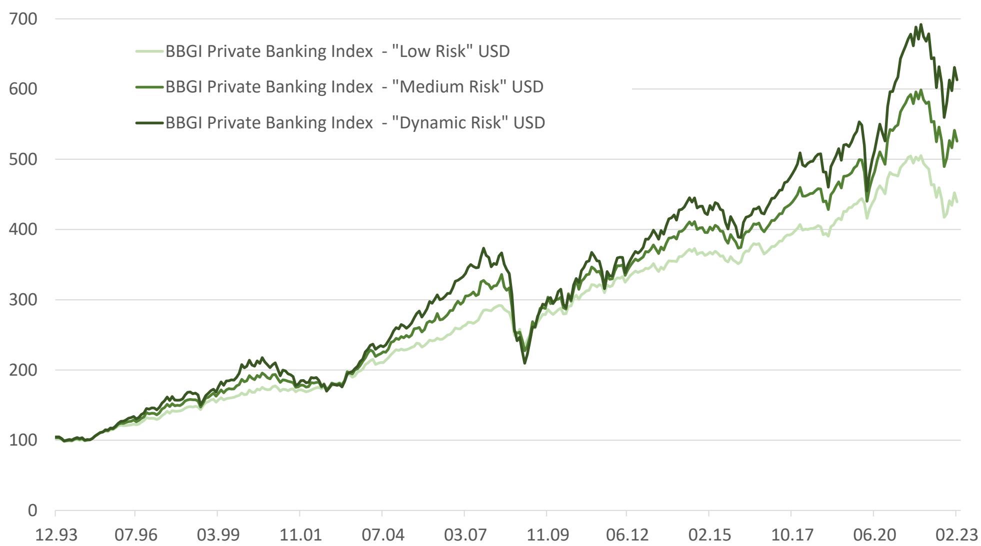
The securitized real estate segment confirmed the reversal of its positive trend of the last few months. It fell by -3.83% in February and recorded its second consecutive month of losses by increasing its momentum (-0.09% in January).

BBGI Group Private Banking Indices - Historical Performances in USD

	Last three months			YTD	Full Year				Annualized Perfomances	
	January 2023	February 2023	2023	Current Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2022	1993 to date
BBGI Group PBI "Low risk" (65% fxd income)	4.11%	-2.86%		1.14%					-14.00%	5.21%
BBGI Group PBI "Medium risk" (45% fxd income)	4.83%	-2.84%		1.85%					-13.79%	5.86%
BBGI Group PBI "Dynamic risk" (25% fxd income)	5.55%	-2.82%		2.57%					-13.65%	6.41%
Sub-Indices										
US Bonds	2.72%	-2.31%		0.35%					-12.61%	4.01%
International Bonds	3.19%	-3.33%		-0.25%					-18.26%	3.41%
US Equities	6.55%	-2.44%		3.95%					-19.85%	9.14%
International Equities	8.11%	-3.51%		4.32%					-16.00%	5.07%
Private equity	12.06%	-0.32%		11.71%					-30.93%	8.80%
Hedge Funds	1.67%	-0.47%		1.19%					-4.73%	5.49%
International Real Estate	9.02%	-4.37%		4.25%					-24.42%	6.76%
Commodities	-0.09%	-3.83%		-3.91%					25.99%	1.63%
Forex										
USD/EUR	-1.46%	2.73%		1.23%					6.23%	-1.11%

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