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BBGI GROUP Global Investments

BBGI OPP2 COMPLIANT STRATEGIES & INDICES CHF

A BBGI exclusivity since 1999

March 2023

Annualized performance of +4.79% to +5.45%

Negative trend continues in March

NEGATIVE PERFORMANCES FOR THE THREE BBGI OPP2 COMPLIANT INDICES IN MARCH

BBGI OPP2 Compliant Index « Low Risk »	**- 0.08%**	**(YTD + 1.92%)**
BBGI OPP2 Compliant Index « Medium Risk »	**- 0.20%**	**(YTD + 2.28%)**
BBGI OPP2 Compliant Index « Dynamic Risk »	**- 0.32%**	**(YTD + 2.63%)**

Comments (performances in Swiss Francs)

The month of March was marked by a strong increase in uncertainty which negatively affected the financial markets. Indeed, this month, the three BBGI OPP2 Compliant strategies achieved negative performances again. The low risk index fell by -0.08% while the moderate risk approach did worse, losing -0.20%. The dynamic risk strategy had the worst performance (-0.32%). The bond markets ended the first quarter of the year with an increase. The domestic segment advanced by +0.55% while the international segment experienced a similar movement (+0.22%). The rapid move into negative territory during the month of February was not enough to tarnish the performance of the two asset classes during the beginning of 2023 (+1.40% and +1.98% YTD respectively). The real estate markets suffered greatly from the risks of a tightening of access to credit but should benefit from the contraction of interest rates. The domestic segment contracted by -1.85% and erased the gains made in the previous period. The international market was harder hit and corrected sharply by -5.51%. With this latest negative performance of the quarter, both asset classes are below the neutral performance mark in YTD terms (-0.42% and -0.37% respectively). Equity markets experienced very high volatility during the period but ended the month in the green. Indeed, the domestic segment gained +1.70% and even achieved the best performance of the month across all asset classes. The international class gained +0.50% during the month of March. Both asset classes are clearly positive since the beginning of the year and are at the top of the cumulative performance table (+5.91% and +6.36%). Commodities continued their negative trend and corrected by -0.53%. Private equity is suffering from the uncertainty that has gripped the markets and fell by -4.94% in March. Hedge funds did not escape the trend either and lost -1.72%.

Financial market developments (performances in local currencies, USD)

Uncertainty soared in March after a month of February already marked by the appearance of a no landing scenario that was nevertheless unlikely. The collapse of the SVB and the shock of the disappearance of Credit Suisse in a week of very high risks for the global banking sector and the financial system had repercussions on most financial markets, causing exceptional volatility. They were particularly massive in the capital markets, where yields fell as much as a result of the influx of capital in search of greater security as the return of the more likely soft landing scenario. The fall in bond yields has been accompanied by a very significant adjustment in Fed Funds, which are now lower than the Federal Reserve's current policy rate for the June maturity. This is a new paradigm for monetary policy, which is now seen as having already reached its zenith and is close to an easing phase. Equity markets were also caught up in this wave of uncertainty about the stability of the financial system, only to recover with the assurance that central banks would provide the liquidity needed to keep the banking system functioning. The financial markets have certainly overreacted to the risks of crisis causing, in this phase of panic, exceptional situations on the stock and real estate indices in particular, but also for the commodities segment. The overall scenario now seems to be more balanced again and we can expect more positive developments for risky assets in the coming months.

PERFORMANCE OF ASSET CLASSES

MARCH

+ 1.70% Swiss Equities
+ 0.55% Swiss Bonds
+ 0.50% International Equities
+ 0.22% International Bonds

- 0.53% Commodities
- 1.72% Alternative Investments
- 1.85% Swiss Real Estate
- 4.94% Private Equity
- 5.51% International Real Estate

YTD

+ 6.36% International Equities
+ 5.91% Swiss Equities
+ 5.90% Private Equity
+ 1.98% International Bonds
+ 1.40% Swiss Bonds

- 0.37% International Real Estate
- 0.42% Swiss Real Estate
- 1.17% Alternative Investments
- 6.30% Commodities

COMMENTS
BY ASSET CLASS

Bonds

The rebound in monthly inflation and job creation had rekindled uncertainties regarding the sustainability of the more positive regime change observed in the second half of 2022. The banking crisis and questions about the stability of the financial system in March led to a complete reversal of forecasts on the future course of monetary policy and a sharp readjustment of expectations on the bond markets. The drop in short-term yields was sharp and completely correlated with the adjustment of expectations for Fed Fund Future, but it was also very significant at longer maturities. Scores remain low, the main risks are in Europe and the UK, which should suffer from further upward adjustments in yields.

Equities

The rapid fall of the banking sectors after the SVB bankruptcy led to increased uncertainty in most other sectors, pushing the markets down at the beginning of the month. Already in risk off mode, the markets initially fell further before being reassured by the statements of the central banks and the fairly rapid removal of systemic risks. The downward adjustment of yields, the probable end of monetary tightening in the United States and a macroeconomic scenario oriented towards a moderate economic slowdown should support the equity markets. Risk scores have improved in this context, with Europe retaining the highest risk.

Commodities

Commodities continued their decline and posted a negative performance for the 5th consecutive time. Indeed, the trend was exacerbated by the severe disruption in the banking sector that took place during the month of May as well as the growing recession fears that pulled the energy market down. China's economic recovery remains a major factor in the evolution of crude oil demand, which still seems to be below expectations. However, the very recent announcement of OPEC production cuts could tip the balance in the coming weeks and support crude prices.

Real Estate

The real estate segment bore the brunt of the tensions in the banking sector and fears of credit restrictions in March and fell both in Switzerland and internationally (-1.85% and -5.51%). But the downward adjustment of Fed Funds should still benefit the sector, which is very sensitive to rate changes.

BBGI OPP2 Compliant Indices (Monthly Indices)										
Performances in Swiss Francs	last 3 months			YTD	Current Year				Annualized performances	
	January 2023	February 2023	March 2023	Year to date	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2022	Annualized perf fm 1984 to date**
BBGI OPP2 Compliant "Low Risk"	2.84%	-0.82%	**-0.08%**	**1.92%**	1.92%				-14.01%	4.79%
BBGI OPP2 Compliant "Medium Risk"	3.36%	-0.85%	**-0.20%**	**2.28%**	2.28%				-14.40%	5.14%
BBGI OPP2 Compliant "Dynamic Risk"	3.88%	-0.89%	**-0.32%**	**2.63%**	2.63%				-14.82%	5.45%
Assets										
Swiss Bonds	2.29%	-1.41%	**0.55%**	**1.40%**	1.40%				-12.10%	3.40%
International Bonds	2.36%	-0.58%	**0.22%**	**1.98%**	1.98%				-15.18%	3.62%
Swiss Real Estate	-0.36%	1.82%	**-1.85%**	**-0.42%**	-0.42%				-15.17%	5.98%
International Real Estate	8.08%	-2.45%	**-5.51%**	**-0.37%**	-0.37%				-23.37%	4.59%
Swiss Stocks	5.50%	-1.29%	**1.70%**	**5.91%**	5.91%				-16.48%	8.47%
International stocks	6.66%	-0.77%	**0.50%**	**6.36%**	6.36%				-17.42%	6.14%
Commodities *	-0.79%	-5.05%	**-0.53%**	**-6.30%**	-6.30%				12.97%	-1.64%
Private Equity *	12.12%	-0.64%	**-4.94%**	**5.90%**	5.90%				-32.99%	14.46%
Hedge Funds *	1.35%	-0.78%	**-1.72%**	**-1.17%**	-1.17%				-6.98%	0.30%
* hedged in Swiss Francs										
Forex										
USD/CHF	-0.90%	2.84%	**-2.86%**	**-1.00%**	0.26%				3.59%	-2.69%
EUR/CHF	0.56%	0.14%	**-0.44%**	**0.26%**	-4.37%				-5.15%	-1.24%

****Annualized data for international bonds, commodities, private equity and alternative investments are calculated from their introduction on January 1, 2009. International real estate was introduced in November 1989. The annualized performance of the EUR/CHF exchange rate has been calculated since December 1999.**

Sources : Bloomberg/BBGI